

# The NATIONAL UNDERWRITER

What does your client want to know?

"What's the present value of my property?"

"Is my building fire-safe?"

"Should my property be sprinklered?"

"Are my policies concurrent?"

"Are my fire rates too high?"

"How can I budget the cost of my insurance?"

If you're not sure you have the right answers to questions like these, call on the nearest North America Service Office for dependable *technical* assistance.

A North America Technical Representative will help you prepare a comprehensive report on your client's insurance requirements. This is an important example of the way your North America Service Office operates to help you provide better service to your clients.

Insurance Company of North America, founded 1792 in Independence Hall, is the oldest American stock fire and marine insurance company. It heads the North America Companies which meet the public demand for practically all types of Fire, Marine and Casualty insurance; Fidelity and Surety Bonds. Sold only through Agents or Brokers everywhere.



PROTECT WHAT YOU HAVE®

## NORTH AMERICA COMPANIES

Insurance Company of North America  
Indemnity Insurance Company of North America  
Philadelphia Fire and Marine Insurance Company

1600 ARCH STREET, PHILADELPHIA 1, PA.

THURSDAY, OCTOBER 30, 1952

# 1 MOVE...

*that can  
be your  
best move*

Signing up with just ONE new company can be the most important—the most profitable—move your agency ever made.

But be sure it's the *right* company.

And when you sign with a National of Hartford Group Company, you are making a No. 1 choice . . . that brings these essential dividends—

- multiple line underwriting facilities that spell *economy of operation.*
- superlative service unsurpassed on underwriting, policy issuance, and claims handling that promotes *maximum agency efficiency.*
- cooperation by providing practical and effective sales help and promotional materials for *building your Agency's prestige and profits.*



## NATIONAL OF HARTFORD GROUP

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Pacific Department, San Francisco  
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NATIONAL FIRE INSURANCE COMPANY OF HARTFORD  
MECHANICS AND TRADERS INSURANCE COMPANY  
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**HIGHER PRICE LEVELS  
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Organized 1918

### Globe & Republic Insurance Company of America

Established 1862

### Merchants and Manufacturers Insurance Company of New York

Organized 1849

### New York Fire Insurance Company

Incorporated 1832

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MANAGER

92 William Street, New York 38, N. Y.

Losses paid exceed Three Hundred Fifty Million Dollars

## RELIABILITY



**GULF INSURANCE COMPANY  
ATLANTIC INSURANCE COMPANY**



**FIRE AUTOMOBILE INLAND MARINE**



## E.U.A. Scans Miss. and La. Commission Control Statutes

### Easterners Weigh Whether to Take Leaf From Dixie

NEW YORK—Eastern Underwriters Assn. held a meeting of its full membership here Tuesday to discuss the problems of commissions. One subject on the agenda was understood to be the question of whether the companies should support legislation to establish commission control, perhaps along some such lines as in Mississippi.

Under that law, the insurance commission sends out a call late each year for the written opinion of entered companies as to the amount of commission they will pay local agents in the state the following year by line.

In Louisiana the rates of commission must be filed with the insurance department each year before Dec. 1, and there the rate must be uniform for all agents in the state.

In New Jersey there is no annual indication required of the companies but its law provides in effect that a rate of commission paid one agent must be paid all agents in the state.

The E.U.A. special committee voted in favor of legislation along the lines of certain existing laws regulating commissions, using the services of advisory or rating organizations for the purpose of receiving from members and subscribers opinions as to reasonable maximum rates of commissions and determining rates of commissions to be loaded into the rate structure, such rates to be binding on the industry with a right of filing application for deviations downward only. Also the committee decided to ask counsel to draft such legislation with the aid of a subcommittee and that due consideration be given to the excepted city problem.

### MIAMI STATION FOR GOERIZ

#### Police Arson Detective of Detroit Joins Nat'l Board

Roderick K. Goeriz, who in 25 years' service with the Detroit police department earned a national reputation in arson investigation, has been appointed a special agent of the National Board arson department, and assigned to Miami.

Mr. Goeriz was head of the Detroit arson bureau, with the rank of detective-inspector, before his retirement recently. He has served as president of the fire marshals section of National Fire Protection Assn. He attended George Williams College, graduated from Hillsdale College in 1927, and has done post-graduate work at Wayne University. He will investigate arson and inland marine losses for the National Board in Georgia, Florida and Louisiana, as well as serving in the Miami area.

At the meeting of Pacific Coast Fire Loss Assn. at San Francisco A. E. Sheppard of San Jose, past president of California Assn. of Insurance Agents, spoke.

### WANT GAFFNEY'S HIDE

## N. J. Commissioner Ouster Asked in Auto Rate Fight

The ouster is being sought of Warren N. Gaffney as New Jersey banking and insurance commissioner by T. James Tumulty of Jersey City, former member of the New Jersey legislature, on the ground that Mr. Gaffney altered official documents relating to automobile liability rate increase orders. Tumulty, who appears as representing George A. West, another Jersey City lawyer, contends that Mr. Gaffney has admitted alteration of public documents and that these are the kind of documents the alteration of which is prohibited as a high misdemeanor. At the same time Tumulty and West demand that Governor Driscoll direct the attorney general to start suit to recover in behalf of the state and for distribution to each and every insured motorist the money which the insurance companies have been collecting "illegally because of the lack of proper legal orders to give them the right to charge increased rates."

Tumulty and West contend that the increases that have been collected over the past two years are unauthorized and amount to about \$24 million.

### Tumulty's Wings Sprouting

Late in September National Bureau of Casualty Underwriters conducted a hearing on the protest of Tumulty and West against the New Jersey rate increases. Tumulty recently announced he is entering the race for nomination as Democratic candidate for governor of New Jersey. He charged the new rates are excessive and that the commissioner should be required to hold a public hearing before approving increases.

Tumulty and West declare that Mr. Gaffney admitted that he altered official documents on or about Sept. 9 of this year. Tumulty states that this alleged admission was in answer to Tumulty's inquiry as to whether the documents had been tampered with. Tumulty said he concluded that this had been done after he employed a handwriting expert to examine them. Tumulty charges that Mr. Gaffney admitted back-dating memoranda of subordinates and adding written approvals in September of this year to these documents. Some went as far back as January, 1951, he said.

Tumulty charges that no legal orders existed approving recent and past increases in rates and hence the increases are invalid and the money should be returned to the policyholders.

## Western Adjustment Makes Promotions at Detroit

Western Adjustment has appointed General Adjuster Hall Lippincott of Detroit as assistant manager of that branch under Manager F. A. Thorn. The greater part of Mr. Lippincott's adjusting experience has been gained in the Detroit area and he is well qualified on large industrial losses. As a further move to improve the service on the larger losses in the Detroit area, Manager R. E. Blum of the Detroit east side office is being moved to the downtown branch in the capacity of general adjuster.

E. E. Baker, who has served as staff adjuster in the east side branch since it was opened and was previously in the Detroit downtown office, is being made manager to replace Mr. Blum. Adjuster L. J. Traynor of Flint is being transferred to the Detroit east side office to complete the staff.

## Hearing Held on New York Revision of Regulation 27

NEW YORK—At a hearing on a revised regulation 27, conducted here by Deputy Superintendent Joseph F. Murphy of New York, there was little opposition to the proposed final draft by representatives of the business.

Presently 27 covers only insurance on financed automobiles; under the revision it will cover all personal property. The business is understood to be mildly opposed to the prohibition against settlement of property losses except minor ones.

Mark Hart, head of American Plan Corp., suggested a specific amount be set forth at this point, in order to avoid confusion, such as \$200 net of deductible. Mr. Murphy opposed specifying an amount and pointed to the permission granted to a company to negotiate with the agent on such loss settlements. He said he is trying to prevent an agent settling claims with his own money, in other words, retaining 80% or so of the premium, settling losses himself and pocketing the difference. This could be accomplished, he added, by way of a contingent, and he wants to avoid that also. Mr. Hart indicated he wanted to avoid having to hire an adjuster to pay small claims. In some cases where he has approved garages, he said, he accepts the shop foreman's estimate and the loss is settled on that basis, without an adjuster.

### Prefer Word "Withholding"

Mr. Hart and David A. Tictin, attorney representing Stuyvesant, would have preferred to use the word "withholding" rather than the word "retention," in the section prohibiting an insurer from entering an agreement with an agent, broker or other person which permits the latter to retain any part of premiums for the purpose of paying losses. Mr. Murphy agreed to add the term withholding but will keep the term retention also.

R. L. Tienken of Royal-Liverpool legal department suggested use of a reference to the provisions in the policy for cancellation and return premiums, in connection with the regulation's proviso that insurer return any unencumbered balance from unearned premium to borrower or purchaser. Mr. Murphy thought the language as proposed would in no way affect such policy provisions.

### Follows FTC Rules

E. M. Griggs of National Board suggested that section 7 of the proposed regulation doesn't track exactly with the anti-coercion statute. That statute does not run to insurers but to producers, Mr. Murphy replied, and the language in the new regulation 27 follows, as he wanted it to do, the FTC rules.

Joseph G. Bill of Inland Marine Underwriters Assn. noted that in cases of dual interest policies the purchaser may not want his insurance until after he gets the property, though the regulation specified he is to get a policy within 25 days after the insurance is effective. Mr. Murphy reassured him his order is not intended to touch on the dual interest practice. He also said the regulation, where it provides that where insured requests it the borrower's policy may be written for a period longer than the end of the loan, does not deal with installment sales policies where custom, regulation or law provides the cover must cease with the interest of the seller.

## Empiro Enters Ohio

Multiple Peril Insurance Rating Org. has been admitted to Ohio.

## Again Mull Over How to Account for Excess of Loss

### Session Is Held at Chicago by N.A.I.C. Group

The N.A.I.C. subcommittee on how to account for excess of loss reinsurance premiums and losses in the annual statement blanks had a two-day session at Chicago, covering ground that has now been broken and trodden many times. J. R. Glennon, Illinois deputy, was the chairman and sparked the hearing. Also present on the commissioners' side were Lange of Wisconsin, L. H. Sanford of Michigan, William Bruce of California and C. S. Lazarus of Pennsylvania.

Although North America had a proposal that had been agreed to by the other companies Mr. Glennon said he was not prepared to accept this as it did not go to the heart of the matter and he insisted on laying bare all aspects of the problem. There was a mimeographed statement by John A. Diemand, Jr., assistant vice-president of North America. He recalled that North America originally proposed that excess of loss reinsurance be reported and recorded as a separate line of business in the annual statement and in the expense exhibit, and that a special reserve be established for this class of business. He said that on Oct. 9 of this year, an informal committee representative of the insurance business considered the proposals of North America and reported that most insurers would strongly resist a mandatory requirement of reporting excess of loss reinsurance as a one-line entry, but indicated there would be little or no opposition if such reporting were permitted on an optional basis.

### North America Content

Mr. Diemand said that North America would have no objection if the N.A.I.C. committee adopted the optional basis.

The industry committee, he said, did not propose a definition of this class of business and hence, Mr. Diemand suggested the following:

"Excess of loss reinsurance is an agreement between insurance companies whereby the reinsurer for a consideration agrees to indemnify the reinsured for all or a part of the portion of loss arising from all or certain classes of the reinsured's business, in excess of a first loss retention by the reinsured."

The industry committee did not reach any conclusions on the desirability of establishing a special reserve for excess of loss reinsurance. Mr. Diemand voiced the belief that North America's proposal on this is sound and that it should be adopted voluntarily without regard to any tax problems that might be involved. North America intends to adopt this portion of the proposal but does not urge that the committee recommend that a mandatory requirement be imposed upon others.

During the course of the discussion it was noted that this single line entry has been resorted to for at least 10 years by American Mutual Reinsurance and the companies from which it receives

(CONTINUED ON PAGE 10)

## Accountants Conference Is Outstanding Success

The fall conference of Insurance Accountants Assn. at Skytop, Pa., was by all odds the most successful in the series, with a record registration of more than 260, and an outstanding program. An electronics session attracted 45 the first afternoon. Here the North British study, which had been put through an electronic device, was demonstrated. This showed that by electronics a company may do everything that it can do now on punch cards, but do it much faster. The North America study is not quite completed.

The reinsurance session was regarded an outstanding success, and accountants would like more similar discussions. The forum on uniform accounting was dispensed with because the program ran out of time.

### McVay Gives Keynote

In his talk as keynoter, C. D. McVay, president of Ohio Farmers group, discussed the growing expansion of government in banking, insurance and manufacturing, and the increasing centralization of governmental power in Washington. He noted the growth of federal civilian employees from 500,000 in 1928 to 2,515,900 last November. He wondered how much these burdens can be increased before they destroy the capitalistic system. The insurance business could readily and easily be converted into government operation and state socialism, he said. He paid tribute to the contribution the business has made to the country, and to the kind of men and women who are conducting the affairs of this business.

David B. Cromie, assistant comptroller of Royal-Liverpool, discussed the mechanics of preparing federal income and excess profits tax returns. He noted that as to the latter, the law has been in operation for a short period. He thought that because of general underwriting experience few companies would be involved in excess profits tax. He expressed a preference for returns filed on the asset method of the invested capital base, though this is a matter for individual company decision.

### Pruitt and Longley-Cook

The two-piano presentation of Dudley M. Pruitt, actuary of General Accident, and Lawrence Longley-Cook, actuary of North America, was both entertaining and informative. Mr. Pruitt, who is adept in delivering sage observations

spiced with humor and wit, treated the theoretical aspects of small and large numbers, and left to Mr. Longley-Cook the application of the theory to fire insurance.

Sampling is a valuable tool in insurance statistic work, Mr. Longley-Cook said. It does pose the problem of the size of sample. Many fallacious conclusions are drawn from samples which, because of incorrect sampling or their small size, do not justify the conclusions drawn. However, much labor has been spent in extracting samples larger than necessary for the purpose. This can be important where information has to be extracted by hand from company records.

What proportion of fire insurance policies on dwellings cover properties with unapproved roofs? This problem is one that arose in practice and for which information had to be obtained by reference to individual daily reports. Since the proportion varies from state to state and between town and country agencies, stratified sampling is necessary. Suppose a sample of 100 dwelling policies shows nine have unapproved roofs. The true percentage may differ from 9%, but by how much is it likely to differ?

### Simple Rule Can Be Used

Probability theory provides a simple rule which can be readily applied in such cases. Providing, as in this case, the individual events concerned are those whose occurrence is fairly infrequent, in about 70% of the cases the variation due to chance will be less than the square root of the number observed. This indicates a range of 6 to 12, and the true percentage lies in the range 6 to 12%. With a sample of 1,000 cases showing 90 unapproved roofs, the range becomes plus or minus 10, or 8 to 10%. In such cases the correct size of the sample to give any degree of accuracy can be readily determined.

However, most sampling problems are more complex and do not involve a simple proportion. He mentioned determination of average size of loss, distribution of business by amount of insurance, etc. However, even here there is a procedure which is worth employing. If a sample of 1,000 cases is decided on for investigation, it requires no more work to prepare two samples of 500 cases each. If each sample is investigated separately and compared

with the combined result, there is provided some idea of how much variation can be expected between samples of this size and hence the accuracy of the results.

The application of probability theory to fire insurance statistics presents real difficulties with two other important groups of problems, the stability of a company, including such matters as line levels, reinsurance requirements and surplus requirements for solvency, and rate making, which includes such problems as credibility of classified loss experience.

### Cites European Practices

In the matter of solvency more has been done in Europe than in the U. S. or Great Britain, he said. In Finland, it is proposed that the minimum capital requirements of an insurer should be fixed by law, using the results of calculations based on probability theory. The textbook issued by the Russian monopolistic state insurance organization discusses the necessity for reinsurance by reference to probability theory. In Holland and some other European countries insurers have convinced the taxation authorities that they should be allowed to set up stabilization reserves, prior to taxation, calculated on the same underlying principles. Mr. Longley-Cook thinks that because important practical considerations are ignored by these theoretical solutions, they are probably no more satisfactory than the arbitrary methods more generally employed.

Changes in the amount and frequency of losses which arise as the result of changing economic conditions are practical matters which upset theory.

### Opportunity for Research

The catastrophe problem, of enormous importance in windstorm, earthquake and explosion, is another. As to line levels, principles theoretically sound are completely upset by production problems. The rating systems are not perfect and business in some classifications and some territories is more profitable than others. To control the relative volume of business in various classes, line levels may be fixed which have no relation to those required on probability theory to keep the company stable from the effects of chance fluctuation. There is considerable opportunity for research in these fields of fire insurance.

He suggested insurance departments consider the need of judgment in rate making in applying their great rate regulating powers. He expressed concern over a recent tendency of regu-

(CONTINUED ON PAGE 17)

## Auto, Auto, Auto!! Mass. Agents Wring Hands at Parley

### Market Reductions Called Devastating—Commissioner Sullivan Skirts Issue

By KENNETH O. FORCE

BOSTON—Massachusetts Assn. of Insurance Agents always has one subject for its annual meeting guaranteed to interest all members, since it holds its convention in October a few weeks before the insurance commissioner decides what the automobile rates are going to be for the next year. Last week's gathering was no exception. In fact, things are so much worse than usual this year, that automobile insurance is a daily topic not only for agents and companies, but for newspapers and the public as well.

The association adopted a resolution calling upon agency insurers writing auto liability in the state "to reconsider any procedures that violate the principles of the agency system." It urged that the assigned risk plan be utilized as originally intended and established. It assured companies the association would increase its efforts in accident prevention and safety education, to try to reverse the present accident trend, and it offered its full cooperation to companies and the commissioner so that a solution may be reached reasonably satisfactory to all parties before the public interest and the interest of the business becomes further jeopardized.

### More Commissionless Business

The resolution notes the seriously increasing difficulty of public and agents to secure coverage. A considerable number of agents are without facilities for 1953; certain insurers have indicated they will accept a substantial amount of 1953 business direct, or at least without commission to agents. The association is, of course, opposed to direct solicitation or acceptance of insurance direct by agency insurers. It points to the inconvenience and additional unnecessary expense imposed on members

(CONTINUED ON PAGE 15)

## FOR THAT HARD TO PLACE RISK KURT HITKE & COMPANY, INC.

General INSURANCE Agents

175 W. Jackson Boulevard

CHICAGO 4, ILL.

TELEPHONE WABash 2-3622

1335 Biscayne Blvd.  
MIAMI 32, FLA.  
Phone 82-8228

900 Peachtree Street, N.E.  
ATLANTA, GEORGIA  
Phone Elgin 4481

Reisch Building  
SPRINGFIELD, ILL.  
Phone Springfield 8-4305

1671 Wilshire Boulevard  
LOS ANGELES 17, CALIF.  
Phone Dunkirk 8-3161

1926

our 26th year

1952



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# FINANCIAL STATEMENTS DECEMBER 31, 1951

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Companies	Capital	Total Admitted Assets	Liabilities (except capital)	Surplus to Policyholders
Firemen's Insurance Company of Newark, N. J. <small>Organized 1855</small>	\$12,275,000.	\$108,470,990.	\$61,257,086.	\$47,213,904.
Girard Insurance Company of Philadelphia, Pa. <small>Organized 1853</small>	1,000,000.	10,711,510.	6,979,138.	3,732,372.
National-Ben Franklin Insurance Co. of Pitts., Pa. <small>Organized 1866</small>	1,000,000.	10,476,694.	6,617,586.	3,859,108.
Milwaukee Insurance Company of Milwaukee, Wis. <small>Organized 1852</small>	2,000,000.	28,159,650.	17,868,349.	10,291,301.
The Metropolitan Casualty Insurance Co. of N. Y. <small>Organized 1874</small>	1,500,000.	36,291,676.	27,904,445.	8,387,231.
Commercial Insurance Company of Newark, N. J. <small>Organized 1909</small>	2,000,000.	42,686,336.	33,078,793.	9,607,543.
Royal General Insurance Company of Canada <small>Organized 1906</small>	100,000.	433,385.	6,568.	426,817.

Pittsburgh Underwriters - Keystone Underwriters

WESTERN DEPARTMENT  
120 So. LaSalle Street  
Chicago 3, Illinois

SOUTHWESTERN DEPARTMENT  
912 Commerce Street  
Dallas 2, Texas

HOME OFFICE  
10 Park Place  
Newark 1, New Jersey



CANADIAN DEPARTMENTS  
800 Bay St., Toronto 2, Ontario  
535 Homer St., Vancouver 3, B. C.

PACIFIC DEPARTMENT  
220 Bush Street  
San Francisco 6, Calif.

FOREIGN DEPARTMENTS  
102 Maiden Lane  
New York 5, New York  
206 Sansome Street  
San Francisco 4, Calif.

## RATE IS 6 CENTS

## Buckeye Union Eliminates AEC \$50 Deductible

Agents and field men of Buckeye Union Fire have been advised that the company will commence writing additional extended coverage without the deductible at a rate of 6 cents. This compares with the 4 cent rate with deductible. Deviation filings have been approved in Kentucky, Michigan, Missouri, West Virginia and Ohio. Commissioner Leslie of Pennsylvania has indicated a

willingness to accept the filing, which is now being made for Buckeye by the Middle Department. The Indiana filing has not yet been approved.

### Promote Ohio C.P.C.U.

To stimulate interest in C.P.C.U. courses, and explain their benefits, a joint luncheon was held at Columbus by the Ohio chapter of C.P.C.U. and Stock Fire Insurance Speakers Assn. of Ohio. Speakers were John S. Bickley, associate professor of insurance at Ohio State University; Dean C. W. Weidler, college of commerce; Dr. Harold H. Maynard of O. S. U., and Robert O. Young, North America, president of Ohio C.P.C.U.

## Tenn. Agents Ask Advance Notice on Rate, Rule Changes

NASHVILLE—A request that the insurance department hereafter notify all companies and their agents of any changes in rates and rules prior to the release of announcements of such changes to the press and that no changes become effective until 60 days after such notices are given, was made in a resolution adopted by Tennessee Assn. of Insurance Agents at the closing session of its annual meeting here.

In another resolution approval was given to the proposed merger of Western Actuarial Bureau and Western Underwriters Assn.

In appreciation of his aid to the association's educational program, L. P. McCord, Jacksonville, Fla., was elected an honorary member. New directors elected are: East Tennessee, J. Byron Taylor, Chattanooga; middle Tennessee, Walter L. McCrary, Woodbury; west Tennessee, Carl E. Stanton, Memphis. The 1953 annual meeting will be held at Chattanooga.

### North America "Ad" Extolls Free Enterprise

North America is distributing a pamphlet explaining the reasons behind its current public relations advertising program.

In a message in the pamphlet, President John A. Diemand states the management believes that there are certain fundamental principles which helped this country prosper. "The attention of our nation is being focused on its material and spiritual wellbeing. Therefore . . . our companies are publishing a series of advertisements restating principles they embrace. The newest statement will be published in the Nov. 1 issue of the Saturday Evening Post. Its theme is that human dignity is an indispensable part of a free society, that privately arranged insurance promotes and protects human dignity by offering personal freedom of choice and independence despite the economic shock of cruel circumstance.

"A basic principle of the North America since its founding in 1792 is that no government should presume to undertake tasks or functions which citizens who fulfill their responsibilities can perform as well or better on their own initiative."

The advertisement is illustrated with a four-color portrait of General Walter Stewart, Revolutionary War patriot and friend of George Washington, who was chairman of the stockholders' meeting that organized the company. General Stewart served as a director of the company from 1792 until 1796.

### Thoroughbreds Not Insured

Few, if any, of the 68 thoroughbreds that perished in a fire in a barn at Douglas Park near Louisville were insured, it appears. Hartford Live Stock has no insurance. London Lloyds might have an interest. Many of the animals were yearlings not yet ready for racing.

### To Inspect Four Ind. Towns

Indiana Fire Prevention Assn. on Nov. 12 and 13 will inspect Greencastle, Bainbridge, Cloverdale and Roachdale, Ind.

The first day will be a combined inspection and instruction session in Bainbridge, Cloverdale and Roachdale, and on Nov. 13 the group will go over to Greencastle for an all-day inspection.

### Guide to Ill. Courses

Homer M. Dalbey has gotten out a pamphlet entitled "Where to Study Insurance in Illinois." This is a publication of University of Illinois Business Management Service. This describes all the various insurance courses that are

given by educational institutions under the form of short courses, evening classes, correspondence courses and clinic programs, and the pamphlet tells where to get detailed information. Also data is given on courses preparing for special insurance examinations. There is not included data on training programs within companies or associations, or courses given as part of regular college curricula.

## N. Y. Exchange Is Winding Up

NEW YORK—On Oct. 29 members of New York Fire Insurance Exchange will act upon a resolution dissolving it and winding up its activities. The resolution approved by the executive committee and recommended for adoption is in substance as follows:

Since New York Board is considering adoption of a premium payment rule in substantial conformity with that of the exchange, the exchange will discontinue its activities in connection with that rule when the board adopts it. At that time, the exchange shall cease all current activities and any liquid assets after payment of all obligations will be returned to the membership. All provisions of the constitution of the exchange shall then be suspended.

### Long a Factor in the Business

The exchange was organized in 1898 and in the interim has been quite a factor in the business. It was the rate and rule making body, and exercised controls on agency representation, commissions, territorial restrictions, etc. After insurance was held to be commerce, it was reconstituted pretty much as a trade association.

For years it operated as the New York City division of New York Fire Insurance Rating Org. It divested itself of rate making and then of control of commissions, agency limitation, etc., and for the past two years has operated only in connection with the premium payment rule under approval of the New York insurance department. That rule requires the payment of premiums 40 days after the close of the month in which the business was written. If this requirement is not met, cancellation notice must go out. The rule and its enforcement are regarded as very important to the business.

### Ill. Field Parley Nov. 6

Illinois Fire Underwriters Assn. is holding its quarterly meeting at the Morrison hotel, Chicago, Nov. 6. There will be a meeting of the field men at 9:30 and then the company managers will take part in the meeting commencing at 10:30.

## LOCAL AGENCIES FOR SALE

Michigan  
Virginia  
Florida  
Mississippi  
N. Carolina  
S. Carolina  
Texas

FOR PARTICULARS WRITE

GUY FERGASON

330 S. WELLS ST., CHICAGO 6, ILL.



We don't  
Know who'll  
be the winner . . .

but We do Know

more and more agents become winners  
when they choose

THE CAMDEN



Fire Insurance Association

CAMDEN, NEW JERSEY

NOW IN OUR SECOND CENTURY OF SERVICE Agents It KEEPS



A Company Known  
by the



### INSURANCE APPRAISALS

CHICAGO 4  
53 W. Jackson Blvd.

MINNEAPOLIS 2  
843 Plymouth Bldg.

DETROIT 26  
154 Bagley Ave.

ST. LOUIS 1  
313 N. Ninth St.

MARSHALL and STEVENS



## Joseph Jackson, Jr. Named New President of Missouri Agents

**Nearly 300 on Hand  
for Annual Meeting  
Held at St. Louis**

ST. LOUIS—Joseph Jackson, Jr., of Maryville was elected president of Missouri Assn. of Insurance Agents at its annual meeting here. He succeeds James V. Corrigan of Poplar Bluff, who was



James V. Corrigan

named chairman of the executive committee. As usual the vice-presidents were moved up a notch each. Oden D. Prowell of St. Louis becomes 1st vice-president, and F. Vernon Griffith, Jr., of Kansas City, 2nd vice-president. The 3rd vice-president is Harry Mills of Clinton, who headed the membership committee the past year.

Robert Chapman, St. Louis, secretary-treasurer, and William R. Dunham, St. Louis, state national director, were re-elected. The executive secretary is B. G. Gregory of St. Louis, who also is manager of Insurance Board of St. Louis.

It was voted to hold the 1953 annual meeting at Kansas City. Registration was 297, about 70% local agents.

### More Local Boards Urged

President Corrigan in his report stressed the importance of establishing more local boards, citing the new ones set up at St. Joseph and Kennett, and urged continued effort toward the passage of an adequate agents and brokers qualification bill.

On motion of George Oppenheimer the association voted to send a message of "good will and cheer" to William J. Welch, who is seriously ill at Kansas City.

H. Roland Beiser of St. Louis discussed a proposed education program regarding the use of automobiles by youth. He suggested a "consolidation of your thinking of young driver education, particularly as it involves the schools." The matter was referred to the new executive committee.

Dave Hawkins of Shelbyville suggested that the association study the question of maintaining a full-time secretary and that local boards be asked to determine how much they could increase their dues immediately to help finance such an expansion in activities.

Orron D. Evans of St. Louis, appealed for active support of the efforts of National Assn. of Small Business Men to obtain legislation to "compel the large giant cooperatives and mutuals to pay taxes on the same basis as competing businesses."

### New Committee Created

Changes in the constitution were approved that created a new public relations and publicity committee, a catastrophe committee composed of all the past presidents of the association, and a liaison committee of three members to be appointed by the president and executive committee. The gathering rejected a proposal for an increase of \$5 each annually in the dues to be charged members in the 7, 8, 9 and 10 classifications.

Edmund J. Boyce of St. Louis, chair-

man of the fire safety committee, stressed the importance of the individual agents in the safety programs.

Harry Mills of Clinton, head of the membership committee, reported that the membership had increased from 484 to 533, a gain of 10%. Lawrence D. Gunn, Kennett, reported for the rural agents committee, Robert H. Young, Jefferson City, for accident prevention committee, and P. H. Hawes of Kansas City for the casualty committee. President Corrigan read the report of the educational committee for Chairman Robert A. Braddock of Kansas City, and said the

executive committee had approved the plans for sponsoring a short course in 1953 at University of Missouri. Executive secretary Gregory worked out the preliminary details for this course. Fred V. Griffith, Jr., of Kansas City, co-chairman with Oden D. Prowell of St. Louis, gave a report for the rules and forms committee.

Loyal Harris and James Lockman have formed a partnership as the Harris-Lockman agency at Waukesha, Wis. They have taken over the W. C. Gormley agency, with which both were formerly associated.

## Firemen's Annual Dividend Rate Goes Up to 90 Cents

Firemen's has voted to increase its annual dividend from 80c a share to be at the rate of 90c a share. The semi-annual dividend will be 45c a share.

Casualty Insurance Adjusters Assn. of Southern California at a meeting at Los Angeles heard Carl Zorn of the Upjohn Co. talk on "Development and Adaptation of the New Wonder Drugs."

# Democracy in the Making

ALEXANDER HAMILTON'S GOAL as the country's first Secretary of the Treasury was to rescue America's finances from the bankruptcy into which they had plunged. His initial success was to persuade Congress to pay each bond at face value. This decision established the financial integrity of the United States and encouraged the acceptance of subsequent bonds

at face value. Thus, honesty became the cornerstone of American prosperity.

*Our sincere endeavor to adhere to the principles of democracy, which are exemplified in the American Agency System, has gained the respect and confidence of the agents of America. These are cherished assets.*

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## Wrecked Cars Sell Well

Underwriters Salvage Co. of New York, which recently established an office and warehouse facilities at Seattle, has found that collecting wrecked autos at a central point and offering them in quantities attracts many bidders and brings the best possible salvage prices.

In four sales of total loss cars at Seattle, Portland, Spokane and Butte, \$24,097 was realized. The Seattle sales attracted 18 bidders who offered 158 bids on 19 cars or an average of over eight bids for each wreck. The 19 pieces of salvage brought \$5,471.17.

The Portland sale brought \$7,900, the sale of 20 cars at Butte grossed \$6,236 and 22 wrecks sold at Spokane brought \$4,490.

## Educators Slate Vernor

R. E. Vernor, manager of the fire prevention department of Western Actuarial Bureau, will address Assn. of Educational Administrators convention at Oklahoma City Oct. 30.

He will bring the message of fire prevention to the educators in a talk on "Cease Fire."

# REINSURANCE MARKET

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SURPLUS LINES  
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ERRORS & OMISSIONS  
EXCESS LINES  
WAR RISK TRAVEL  
ACCIDENT  
ALL  
UNUSUAL RISKS**

Cable Engbur—Chicago



Scene in office of Stewart, Smith, Inc., New York, showing Alice Stagg, W. S. Collins, secretary of the firm, and Margot Breitenbach, filling requests for "Famous Last Words," the book of cartoons by Arthur Ferrier, following publication in THE NATIONAL UNDERWRITER of the book of cartoons which George J. Stewart has made available to those in the business interested, for free. The firm received hundreds of requests for the book.

## FORUM QUESTIONS

### Business Interruption Insurance Explained

Nick Dekker, secretary of America Fore, explained to agents attending the business interruption insurance forum sponsored by New Jersey Special Agents Assn. at Newark that in general the amount of a policy on a mercantile or manufacturing concern is determined on the projected sales volume. He warned, however, that periodic checks should be made to be sure that the actual business has compared to the projected.

Other members of the panel, who answered questions from the floor following the speech by Henry C. Klein, secretary New York Underwriters, included Frederick W. Doremus, manager Eastern Underwriters Assn.; Leo E. Kietzman, secretary of American; H. Earl Munz, Paterson, chairman Eastern Agents Conference, National Assn. of Insurance Agents, and Leon A. Watson, general manager New Jersey Fire Insurance Rating Organization.

Members of the panel for the afternoon session included P. B. L. Carden, assistant general adjuster National Board; Addison Roberts, vice-president Fire Association, and P. M. Winchester, gen-

eral manager (eastern department) General Adjustment Bureau.

Mr. Kietzman explained hypothetical circumstances in which business interruption insurance and extra expense would operate together and separately. He said that if it were an insured laundry with alternative facilities than the U. & O. would pay part and the extra expense would pay part. A partial shutdown would involve both; a complete shutdown would only involve U. & O.

Mr. Munz said that in writing policies the agent should be thoroughly familiar with the insured's profit and loss statements. He said there should also be a full understanding of what is to be insured.

### U. & O. Aids Reopening

Failure to carry U. & O. according to Mr. Doremus, makes it extremely difficult for the uninsured to reopen his business after it has been shut down for fire or other reason. Some 40% of businesses fail to reopen.

A change in the forms to achieve a standard language in all sections of the country is a possibility, Mr. Doremus said. The feasibility of having a single mercantile and manufacturing form, with the two-item and gross earnings forms, is being studied.

In his speech before the afternoon session, George S. Jones, executive general adjuster, General Adjustment Bureau, warned agents that business interruption insurance can't be ordered by mail; each policy requires careful investigation to adequately insure the prospect.

### Explains Loss Adjustments

In the question period, Mr. Winchester explained how loss adjustments are made when the books are lost. He said only business records can prove loss, and if books are lost, the insured's business must be reconstructed before the loss can be paid. Reconstruction is achieved through use of income tax statements, credit applications, credit reports, duplicate records, bank records, and from other concerns doing business with the insured.

Mr. Roberts answered a question concerning the following case: insured insures one of two plants he owns, and the insured plant is destroyed, but the second plant assumes all of the production; is the insured entitled to recovery?

He answered that the insured could recover for the continuing expenses at the damaged plant, the reduction in profit caused by doubling the load at the one plant and the extra expenses entailed in shifting production to the new site.

Missouri Fire Prevention Assn. has scheduled a town inspection of Popular Bluff for Nov. 19-20.



## Kan. Mutual Agents Elect E. P. Wenger

**More Than 200 on  
Hand for Excellent  
Program at Topeka**

TOPEKA.—E. P. Wenger, Salina, was elected president of Kansas Assn. of Mutual Insurance Agents at the close of the annual meeting here this week. He succeeds R. O. Gemmill, Abilene, who won unstinted applause for his conduct of the largest meeting in the four year history of the organization. Over 200 registrants jammed the sessions and the dinner and luncheon and everyone was satisfied with the program and the manner in which it was carried out.

R. R. Turney, Topeka, who carried the ball as general convention chairman, was elected vice-president and his apparent J. R. Oliver, Topeka, who served as program chairman, was reelected secretary.

The convention approved an amendment to the by-laws providing for staggering of directors' terms. In accordance with that, C. J. Goering, Newton, and W. D. Milner, Emporia, were elected for one year; E. M. Sawyer, Hutchinson, and F. R. Clark, Coffeyville, for two years, and C. C. Anderson, Wichita, and E. C. Garrison, Osborne, for three years.

### Wenger's Career

Mr. Wenger, the new president, operates the Wenger agency at Salina with his brother, G. D. Wenger. After spending 12 years in the farm implement business in Abilene, Mr. Wenger went with Hardware Mutuals of Wisconsin as a direct writing representative, moving to Salina at that time. He left in 1946 to organize his own agency. He has been a director of the agents association since it was organized in 1948 and was vice-president during the past year.

The association was invited to Salina for the 1953 meeting and probably will accept.

John Kroll, Washington, D. C., made his first appearance as president of National Assn. of Mutual Insurance Agents at the opening session. He explained the group insurance plan and the new agency bookkeeping system sponsored by the association. G. W. Hopkins, Cedar Rapids, vice-president Iowa National Mutual, discussed the casualty picture. He said that increased rates in automobile and other fields are not the answer. Eventually, they will price the agent out of the market and drive the public into direct writers. Mutual agents, Mr. Hopkins said, must remember the mutual principle of underwriting; if they are to survive, they must confine their writing to risks which are average or better.

### Adjusters Are Hosts

The hospitality hour before the dinner was sponsored by five adjusting firms—Universal Adjusting, Kansas City; W. C. Baner, Topeka; Shank & Co., Wichita; Crocker Claim Service, Topeka, and United Adjustment, Kansas City. The dinner, which packed the roof garden of the Jayhawk hotel, featured several entertainment acts and a humorous talk by C. P. Coates, Fort Worth, a director of National Assn. of Mutual Insurance Agents.

Women's activities, with Mrs. Oliver as chairman, included a luncheon, shopping tour and a bridge and canasta party.

The Tuesday morning session featured salesmanship and technical questions. The sound film, "The Better Story," was shown after an introduction by H. E. Hudelson, Des Moines, agency superintendent Mill Owners Mutual Fire, one of the business firms which sponsored the film. J. C. O'Connor, Cincinnati, executive editor "Fire, Casualty & Surety Bulletins" of the National Underwriter Company, discussed survey selling. The session closed with a question and answer forum, with Mr. Hopkins as chairman and Messrs. Huddelson and O'Connor participating.

Commissioner Sullivan was the featured speaker at the Tuesday luncheon. The afternoon session subjects were very popular, with W. B. Brewster, Hutchinson, discussing the insurance needs or farm equipment deals, C. J. Goering, Newton, speaking on the problems of the city dweller who owns a farm as an absentee landlord, and D. C. Richardson, Lawrence, on selling to farmers. Mr. Richardson got a laugh when he said that farmers have become

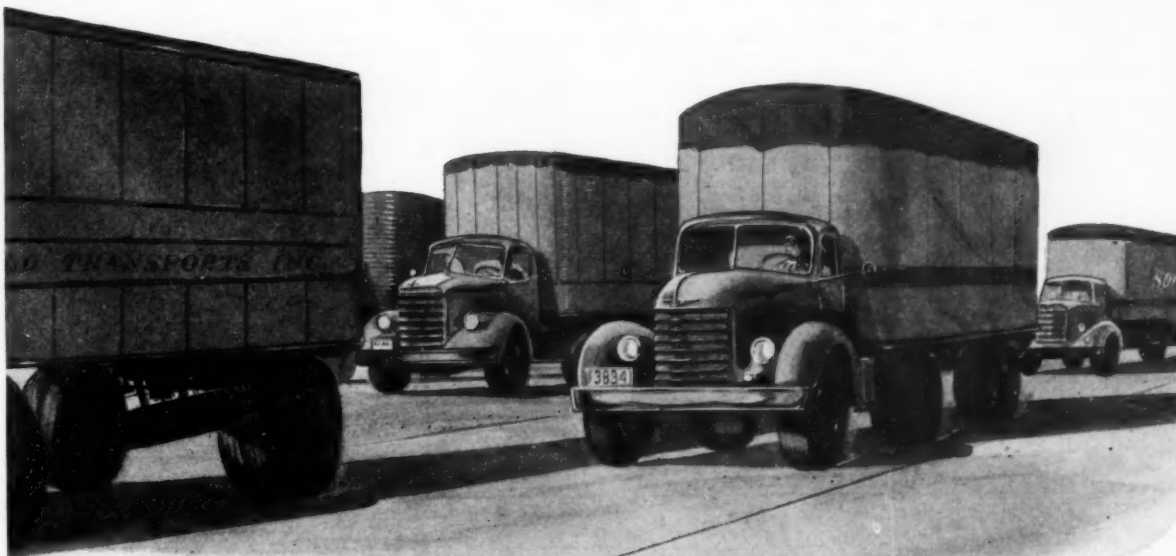
so prosperous that the farm bureau companies have finally begun to pay attention to them, instead of concentrating on automobile insurance for industrial employees. The other forum participants were A. C. Dial, Kansas City, Kans., on dwelling and family coverages and Mr. Turney, who discussed coverages which enable an agent to make entry into an account. He emphasized comprehensive liability insurance, pointing out how it plugs the gaps and protects an agent against competition on renewal.

President Gemmill read a telegram from Missouri Assn. of Mutual Insurance Agents inviting the Kansans to a clinic sponsored by the Missouri agents and Missouri 1752 Club at Kansas City

Nov. 21.

The Kansas agents went on record as urging their National association to meet in San Antonio in 1953. It was brought out in the discussion that N.A.M.I.A. has never held its annual meeting west of the Mississippi and is committed to Chicago for 1953 and New York for 1954.

The only disappointment of the well engineered program was the absence of M. L. Landis, counsel Central Mutual, who was scheduled to speak Monday afternoon and to take part in the Tuesday morning forum. Mr. Landis had arrived in Topeka Sunday, but he was called away by the sudden death of his father. Mr. Huddelson replaced him on the forum end.



## Are you letting good business roll by?

MOTOR TRUCK CARGO business is rolling constantly along every highway in the nation. Carriers — whether common or contract — require adequate liability coverage to compete in the present market. And do not overlook direct coverage on an assured's own goods carried on his own trucks.

As every agent knows, *all* available Cargo insurance is not necessarily profitable business. Separating the good risks from the duds takes sound judgment based on careful study. But the effort you put into this screening job is well worthwhile when the reward is a bigger share of the desirable Cargo premiums in your locality.

Your local Fire Association-Reliance Field Man is fully equipped to advise you in appraising your prospects. He'll help you work out your Cargo problems, and provide the facts and figures you need to arrive at equitable rates and policy conditions. Contact him . . . together you can be sure you are not letting good business roll by.

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PORTLAND HEAD LIGHT, MAINE . . . Overlooking Casco Bay with its 365 islands stands Portland Head Light, one of seven sentinels guarding this important Maine harbor. Its signals direct vessels carrying lumber, scrap iron, and canned vegetables to foreign countries in exchange for wood pulp, fuel oil, coal, and china clay.

A little more than one hundred years after the first settlement in Portland, mutual insurance, currently celebrating its bicentennial, was organized in America. Homes and industries alike have benefitted by the quality low-cost protection it has afforded. Pawtucket Mutual Insurance Company is proud of its enviable century-old record of consistent dividends and substantial savings.

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## PLANNED ACTION

Just like a good chess player, a successful agent plans ahead. The decisions he makes now, largely determine his progress in the future. Judging from the experience of many prosperous agents, representing Northwestern can be the most profitable move you ever made. Get in touch with our nearest office about this.



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## Two Views on Audit of Statement

Edward J. Reilly, New York department audit bureau chief, discussed the principles and practices of the department in auditing company statements at the conference of Insurance Accountants Assn., while Eugene R. Miller of the accounting firm of Peat, Marwick, Mitchell & Co., New York, described the methods and problems of the external auditor.

Mr. Miller said two problems arise in connection with investments. This is due to the fact that the market for government bonds has been generally less than the amortized value at which they are carried in the financial statements, and also because occasionally the market value of securities is substantially in excess of their cost value so that the financial statement reflects a substantial unrealized profit.

### How to Treat Bonds

As to bonds, Mr. Miller said generally accepted accounting procedures require a reserve or a footnote in the statement when the market value is below the carrying value, and, in the case of stocks, requires a reserve be provided for the income taxes that would have to be paid upon the liquidation of such securities. Neither procedure has been fully accepted by the insurance business, he noted.

Auditors depend upon the client's internal control to a great extent, Mr. Miller explained, because the volume of transactions is so substantial that in many areas the test work that can be done is very limited. In an insurer when there is a basic weakness in internal control, no reasonable amount of auditing can make up for it.

The development of syndicates, pools and associations to write certain classes of business is an unusual situation peculiar to the business, he said. In auditing the assets and liabilities of the companies resting with such organizations, the general organization balance sheet is accepted, while the balance sheet of organizations owned by a few companies should be examined by public accountants.

### Unauthorized Reinsurance

Unauthorized reinsurance is most difficult for the auditor, he said. This is not true of every company, but some companies, because of the nature of their business, enter into what seems to an accountant some of the most fantastic and complicated reinsurance agreements.

Once a treaty is thoroughly analyzed and understood, it seems that the main problem is to get the client to maintain records of sufficient detail to permit us to check them.

He mentioned the importance of internal control in respect to determining reserves for unearned premiums and unpaid losses because of the great volume of items making up the totals. The accountant's first concern here is the ability of the client's personnel handling the work.

### Department Procedure

Mr. Reilly in his talk said that while mathematical accuracy require only clerical verification, the audit may embrace any phase of the company's transactions, details of which are brought out through correspondence on items reported.

When company A reports a small commission item in income and it is determined that it represents commission received for placing unwanted business of some of its producers with other insurers, company A is criticized, not for the manner in which it reported the item, but for acting beyond the scope of its charter powers, under which it has no authority to act as an insurance agent.

Assets are studied to determine if they have been valued on the prescribed basis, while acquisitions are reviewed for compliance.

substantial compliance for companies is enforced for domestic companies and doing business in New York. Title, admissibility, concentration and valuation of assets is studied.

Liability items present problems, according to Mr. Reilly, as to whether they have been fully reported and reserved against. Companies sometimes maintain a predetermined surplus in their statement by using a contingency reserve as the balancing figure.

Adequacy of reserves for losses outstanding and unearned premiums are of paramount importance in a company's statement, he said. Unauthorized reinsurance credit taken in a company's statement on its outstanding losses and unearned premiums perennially has been the occasion of correspondence on audit.

## McGuire to New York

L. A. McGuire, formerly manager at Seattle for American International Underwriters and American International Marine Agency, is taking up new duties at the head office at New York. Later he will be given a foreign assignment, probably in South America.

## License Revocation Refused

Insurance Director Day of Illinois has refused to revoke the agent and broker's license of Charles H. Lyons, Decatur, against whom a complaint had been filed alleging that he owed unearned insurance premiums to another agent.

By law, a license may be revoked where an agent or broker misappropriates or illegally withholds money required to be held in a fiduciary capacity, or insurance premiums overdue by more than 90 days. The alleged debt in this case, Mr. Day said, did not arise from either cause.

International Business Machines Corp. has appointed **Woodworth C. Bein** special representative in its fire and casualty insurance department at its New York headquarters. He previously was manager at Boise, Ida.

Joseph M. Greene, for two years with the inland marine department at the home office of **General of Seattle**, has established his own agency at Seattle.

*Does your client  
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Under-Insured?  
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- Insurance coverage based on Continuous American Appraisal Service prevents hazardous under-insurance and costly over-insurance.
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## Silver Anniversary Book for Pearl

Pearl Assurance has issued a book to commemorate its 25th anniversary in America. In the foreword D. J. Cowie, Pearl's U. S. manager, states in part that "perhaps the most notable point which emerges in looking back over the past quarter century is that although we are part of the world-wide Pearl organization and owe much to our great British parent, we have become a typically American enterprise."



D. J. Cowie

He commented that it is to the company's agents and the services which they perform that the book is dedicated. Titled "The Pearl in America," this interesting volume, with its attractive line drawings and tinted halftones, is not only a history of Pearl's quarter-century of progress in this country, but it also highlights some of the world events of that period. There is also a section, again tying in world happenings, which goes back to the founding of the company in London over 90 years ago.

Although it is not actually axiomatic, many such books do not exactly keep the reader on the edge of his chair. In this case, however, the material presented makes interesting and informative reading. A good example of the style may be found in the opening paragraph:

**Events Are Unforeseen**  
"The Pearl Assurance Co., Ltd., began operations in the United States 25 years ago. That doesn't seem so long past. And yet, in that year, 1927, the financial disaster that was to revolutionize the economic systems of more than a score of nations was almost unforeseen. Only a few fanatics in Munich beer halls believed that Adolph Hitler was to become one of history's greatest conquerors. Virtually no one foresaw that 1939 would bring the most devastating war the world has yet suffered. Television was the dream of the crackpot engineers. Mold was still a nuisance rather than the source of life-saving drugs. And the possibility that man might be able to tap the same source of power as the sun was the doubtful theory of only a few atomic scientists."

"These, and hundreds of other less remarkable events, have tested the resources of every business during the past quarter century. And an insurance company, by the very nature of its operations, was bound to cope with the unforeseen — fires, storms, hurricanes, tornadoes and dozens of other hazards, natural or man-made. The Pearl group in America has faced them all and grown steadily until today it has policies in force to protect properties valued at more than \$7 billion."

**Trace Company Operations**  
A feature of the book is its carefully written delineation of the operation of Pearl-American and just what is involved from the time cover is applied for until the contract reaches the hands of the policyholder. Officers of the Pearl-American group and the most recent financial statement for each company are to be found in the back of the book.

### Mutual Conference Held

A conference on automobile and casualty underwriting was held at New York this week by Mutual Insurance Advisory Assn. and Mutual Insurance Rating Bureau, with underwriting and rating executives of companies on hand. Among the topics discussed were automobile physical damage, private passenger automobile BI and PDL, the

young driver, products liability, underwriting contracting risks, and general casualty problems.

### Insurers Shy From Adding to Assigned Risk Dish

From time to time there has been agitation to get insurers to provide higher limits for automobile owners and drivers insured in assigned risk plans, above the limits the law requires. Some effort, particularly by producers, has

been made to get companies to afford medical payments insurance for risks assigned. Under present circumstances, neither of these objectives is likely to be attained in the near future, though the matters are discussed from time to time by the national advisory committee which is the assigned risk governing group. That group will hold another meeting at New York Nov. 12.

There does seem to be some possibility of providing higher than law-required limits in states near Connecticut and New York where the limits are

now 20/20 and 10/20 respectively. This would be to protect those assigned risk insured whose driving takes them into those two states.

### J. M. Cannon to Baltimore

John M. Cannon has been added to the field staff of North British & Mercantile at Baltimore as special agent. He has been with North British for a number of years both in underwriting and field positions.

**Saw Your Companies' Ad In The Magazines Today!**

**Churchmen Like AMERICA FORE INSURANCE**

... These excerpts from a few of the many unsolicited letters we receive tell you why:

"NEVER HAD SUCH SPLENDID SERVICE BEFORE"

"Please accept my sincere appreciation for the prompt and satisfactory manner in which you and your company handled the matter involved in the automobile accident in which Rev. ... and I were involved. I have never had dealings with any insurance matter that has been given such splendid attention."

"I shall be happy to recommend your company to anyone with the full confidence that they practice to the letter what some other companies merely promise."

Chapman - Kenton

**FIRE DESTROYS GARAGE; LOSS SETTLED QUICKLY**

"An Pastor of the ... Church here and became one of your customers. I want to express appreciation for the quick settlement of the loss by fire of the garage where we kept our car. On the loss by fire of the garage where we kept our car and your promptness and our friends we sincerely thank you and your company."

You too can get this culture of insurance protection and doing business with the America Fore Insurance Group in your home name call Western Union (by number). Ask for Op

Original letters on file at our home office.

The America Fore Insurance Group comprises:

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LOOK FOR THIS SEAL ON YOUR POLICIES

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**FIRE PREVENTION WEEK**

ONE OF THE BIGGEST REASONS WHY YOU SHOULD TAKE UP FIRE PREVENTION WEEK IS THAT IT WILL SAVE YOU MONEY.

**"M-M-M looks like you've blo a gasket"**

Joe's a genius—he can take my old bus and make it hum like a brand new Rolls. He's expert—on motors! But I wouldn't think of him if I had a sore throat. I would go to an expert—a physician.

The same is true of insurance. You need the services of an expert.

For the name of a nearby insurance man or claims office—Union by number, ask for

The America Fore Insurance Group can

**\$11,000,000,000**

The United States Department of Agriculture reports the investment in farming to be in excess of 111 billion dollars. Much of this is in buildings, machinery, grain, food and livestock.

Is your share of this immense wealth properly and adequately insured? Have you checked your insurance recently? Do you have Extended Coverage? Are your machinery and livestock properly insured? Our agents specialize in these types of insurance.

**MILLIONS** of insurance buyers everywhere read America Fore Group national advertising as it regularly appears in the leading magazines. Here are three messages which run in October.

## Advises Banks on Values, E.C., Etc.

Periodically the insurance committee of the Savings Banks Assn. of New York State issues bulletins on various insurance matters. A recent one calls attention to the need of keeping up with insurable values because of inflation. For this purpose most banks use published cubic foot reproduction costs as assigned to various types of construction, the bulletin notes. Once a property has been cubed it is a simple matter of applying the appropriate cubic foot factor at intervals.

### Comments on E.C.

The bulletin also explains the importance of extended coverage and some suggestions on the use of deductible. With the increase in rates on E.C. in the last year or two it is becoming more difficult for mortgagees to obtain this important coverage from owners. The E.C. rate is appreciably lower when the \$50 loss deductible clause is used. Many banks accept it, thus saving the public substantial expense and encouraging wider use of E.C. and additional E.C. The A.E.C. rate of 4c per \$100 is well worth the difference, according to the bulletin.

Banks objecting to accepting policies bearing the \$50 loss deductible might

not fully appreciate the abuses by owners in the 1950 windstorm where approximately half of the 1,500,000 claims involved payment of \$50 or less. The objections of these banks apparently stem from lack of knowledge as to why the underwriters prefer to avoid windstorm claims of a maintenance nature because it is clear that no mortgage would be jeopardized by failure of the owner to make minor repairs in lieu of paying the higher rate for full protection. The problem is not unlike collision cover of automobiles where \$50 deductible is commonly accepted and avoids minor claims that would result from scratched fenders.

The bulletin also calls attention to the fact that a new form to cover fire legal liability may now be obtained at a moderate premium for attachment to the bank's fire policies.

The bulletin advises banks to review their liability limits in view of higher jury awards. Many banks carry limits of \$250,000/\$500,000 under their comprehensive general liability and automobile policies.

Hold harmless clauses in maintenance contracts should be scrutinized, the bulletin advises. The intent usually is to relieve the maintenance company of any liability on work performed under their contract after employees of the company have left the premises. This in effect imposes on the bank responsibility for accidents caused by hidden or latent defects that may show up

after the maintenance company employees have completed repairs.

Contractual liability may also arise out of construction, demolition or alteration contracts. Since liability assumed under contract or agreement is pretty generally specifically excluded under comprehensive liability, the bulletin strongly recommends that all banks have their insurance managers review all contracts to ascertain the need of insuring the liability to assumed. This can be done by obtaining a contractual liability endorsement.

Ralph J. Stewart, assistant vice-president Union Square Savings Bank, is chairman of the insurance committee.

## Report on Ill. Insurer Writing Weekly Premium Fire and E.C. for Negroes

The Illinois department has issued the report of an examination of Independent Mutual Fire of East St. Louis as of June 30, 1952, showing assets of \$89,783 and net surplus of \$40,447. This company writes so-called industrial fire insurance or weekly premium business mainly for Negro risks in Illinois.

Premium income for 1951 was \$337,498 and for the first six months the premiums earned were \$212,211.

There is increasing interest in this weekly premium way of handling fire insurance. United of Chicago and Unity Mutual L. & A. of Los Angeles recently gained control of Hamilton Fire with intentions to develop an extensive business using debit agents that are now selling life insurance and A. & H.

### Limit Per Risk Is \$1,000

Joseph L. Ivanhoe is president of Independent Mutual. The officers serve without compensation for their duties performed as officers and instead receive a commission for their services as agency directors. The only insurance sold is fire and E. C. combined at a rate of 5 cents per \$100. Policies are not issued in excess of \$500, but a limit of two policies is issued for a maximum of \$500 each on one single risk. The only property insured is household and personal property usual to a dwelling. There are about 150 agents and they receive 20% of the premium for collection services and their commission for new business is 20 times the weekly premium.

Independent was set up in conjunction with Commonwealth Life & Accident of St. Louis, the latter was purchased in 1950 by American National of Galveston. There is an agreement for use of the personnel of Commonwealth Life & Accident under which the latter receives 5% of the premium income of Independent. There is also provision for utilizing the agency force of American National but so far this has not been done.

The first six months of this year losses incurred were \$33,326, loss expenses \$231, other underwriting expenses \$177,602, net underwriting gain \$1,052.

## Whiffs of Deflation Reach Nostrils of Some Claimants

Now that there are deflationary whiffs and hints abroad and a good deal of speculation on what is going to happen to the economy in the months and years ahead, some of the casualty companies say they detect a little daylight in connection with claim settlements. They say that there are indications that claimants' attorneys here and there are more inclined to grasp today what they can get for their clients rather than waiting it out in the expectation that the inflationary spiral will make the claim worth more by simply putting it on ice. There is no assurance, of course, that deflation will be the order of the day, but the possibility of it is being discussed so extensively now that at least the more timid element among plaintiffs' attorneys are willing to unload at today's prices.

## N.A.I.A. Committee Heads Are Picked

Three new chairmen were appointed and nine chairmen reappointed to head standing committees of N.A.I.A. by Walter M. Sheldon, president.

Also, following the designation of the rural and small lines agents, committee as a standing committee, Glenn J. May, Spencer, Ind., has been reappointed chairman.

The newly appointed chairmen are: Agency management committee, Arthur L. Schwab, Tompkinsville, Staten Island, N. Y.; and trade association contact committee, Tom J. Neff, Wheeling, W. Va.

Also newly appointed this year but returning to the post of chairman of the property insurance committee which he has held in the past is Arthur M. O'Connell, Cincinnati.

The reappointed chairmen are: Casualty, J. F. Nicolls, Houston; fidelity and surety, J. Kenneth Cormack, Providence; educational, Ernest F. Young, Charlotte, N. C.; metropolitan and large lines agents, Emil L. Lederer, Chicago; fire safety, John J. O'Toole, St. Louis; accident prevention, Reginald L. Price, Charlotte, N. C.; finance, Harry T. Minister, Columbus; legislation, Arthur B. Fair, Natick, Mass.

The local board and membership committee which saw its goal of 30,000 member agencies achieved in the final stages of last year's drive is again headed by Dave R. McKown, Oklahoma City.

## Auto Insurance Information Service Set Up at L. A.

Western Insurance Information Service has been set up at 3440 Wilshire boulevard, Los Angeles, with Donald F. Sager as executive secretary as an outgrowth of a resolution that was adopted by members of Pacific Insurance & Surety Forum at Santa Barbara last March 13. That is an organization principally of independent stock casualty companies on the coast such as Pacific Employers, Pacific Indemnity, Northwest Casualty, Oregon Automobile, United Pacific, Traders & General of Los Angeles, Founders, etc.

The Santa Barbara discussion centered mainly about the idea of disseminating information to combat the influence of National Assn. of Compensation Claimants' Attorneys that are pressing for ever higher verdicts in personal injury cases. The news release says that nine companies have advanced funds to get W.I.I.S. under way and that participation in the program is open to all segments of the industry. The cost for each company operating in California will be based proportionately on total casualty writings in the state. W.I.I.S., it is stated, will distribute news releases, direct a statewide speakers' bureau, conduct mail and advertising campaigns through agents and their associations.

## E. R. Hurd's Position As Outlined in Conn. Clarified

E. R. Hurd, advertising manager of American Automobile, was misquoted on his talk at the Connecticut agents convention in the Oct. 9 edition.

What he said was that agents are independent business men and have spent years building this status. But they cannot be truly "independent" so long as they rely entirely and only on company advertising material; so long as they allow companies to send folders and stuffers in bulk lots to their offices and then store them in the "back room" where they gather dust safe from the prying eyes of the public.

He strongly suggested that the agents become their own "advertising managers" on this basis they would use all advertising including company-prepared material on a much sounder basis.

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## Horace Cator Is Pittsburgh Chief

PITTSBURGH — Horace T. Cator, manager of Fidelity & Deposit, has been elected president of Insurance Club of Pittsburgh, and hence becomes the main factor in Pittsburgh Insurance Day, which attracts national attention, next February. New vice-president of the club is Frank Wentworth, who is a local agent, and secretary is Robert A. Beck, also a local agent, and treasurer is Walter H. Bendick of American.

## Issue New Edition of Texas General Basis Schedules

AUSTIN—The revised and reedited edition of Texas general basis schedules, the first complete job since 1923, went into effect Oct. 15, under an order issued by Paul H. Brown, fire insurance commissioner.

"TexGBS-1952," its official short title, is primarily a rearrangement of the old cumbersome book, separated into an agents' section, which contains policy writing rules and schedules, and a rating section, which is primarily for use of the department's rating division.

Many of the rates and rules remain substantially the same, but much of the wording has been revised for clarity. However, some entirely new rules and rates are included, having been adopted by the board following hearings in the last few months.

The principal changes are: A broadening of the rule covering pro rata cancellation and rewriting; a rule permitting the use of an average rate in reporting forms when insuring stock at two or more locations; detailed rules covering the actual value form of builders' risks; new rules regarding changes in schedule policies, and a new procedure on rulings hereafter issued which requires the submission of all questions in written form to the department.

## L. A. Adjusting Firms Merge

The Los Angeles independent adjustment offices of Peckham & Green and Ryan & Martin have been merged. Charles T. Green started in the adjustment field with A. H. Dinnin at Detroit in 1914. In 1920 he went to Los Angeles and joined the late Charles Peckham in forming Peckham & Green.

L. C. Ryan was in the adjustment field at Fresno and San Francisco 1932-40. Following military service, he went with W. E. Severance & Co., at Los Angeles in 1945. He opened his own office in 1947. W. C. Martin entered adjusting work in 1936 with Western Adjustment at Chicago. After war service he became an adjuster and later superintendent of General Adjustment Bureau at Los Angeles. In 1947 he became superintendent of claims for Fireman's Fund, later resigning to join Mr. Ryan in forming the firm of Ryan & Martin. He is now most loyal gander of California Blue Goose.

## Harbor to Sell More Stock

Harbor Ins. Co., San Diego, has been authorized by the California department to sell 18,738 shares of its stock at \$18 per share, the total amount to be paid not to exceed \$337,248. It is stipulated there shall be no promotion expense and that the stock shall be sold only to stockholders of record Oct. 1.

## Wis. Instruction Offered

Advanced instruction for local agents and office personnel is being offered in monthly sessions from November through April at Janesville, LaCrosse and Eau Claire by the bureau of community development extension division agency of University of Wisconsin in cooperation with Wisconsin Federation of Mutual Insurance Companies and 1732 Club. The instructors will be mem-

bers of the 1732 Club. Each month there will be a two-hour session one day at Janesville, the next day at LaCrosse and the third day at Eau Claire. The first one is at Janesville Nov. 3.

**Fireman's Fund** has set up a service office in the Barron building at Calgary under Special Agent Russell M. McBride. His father, Adam McBride, was formerly Canadian manager for Great American.

**Insurance Women of Lincoln, Neb.**, are celebrating their 12th anniversary. A number of charter members are active.

## Teacher's Practice Feruled

Assistant Attorney General W. Owen Keller of Kentucky has given an opinion that the action of a school teacher selling insurance on the side to the board of education that is her employer is "improper and unethical." He said it should be stopped. The opinion was given to Dan Chesnut of Corbin, Ky. According to Chesnut, Jesse D. Lay was a local agent before becoming superintendent of schools of Knox county. Then the agency was turned over to his wife, Nancy, who is

a teacher in the Knox county system. The school board bought more than \$200,000 of fire insurance through that agency.

## United Benefit to Deviate

United Benefit Fire of Omaha has asked the Ohio department to authorize a deviation in rates.

**Hoyt S. Nelson** has been appointed chairman of the nominating committee of Insurance Agents Assn. of Kansas City to prepare a slate to be voted on at the annual meeting Dec. 2.

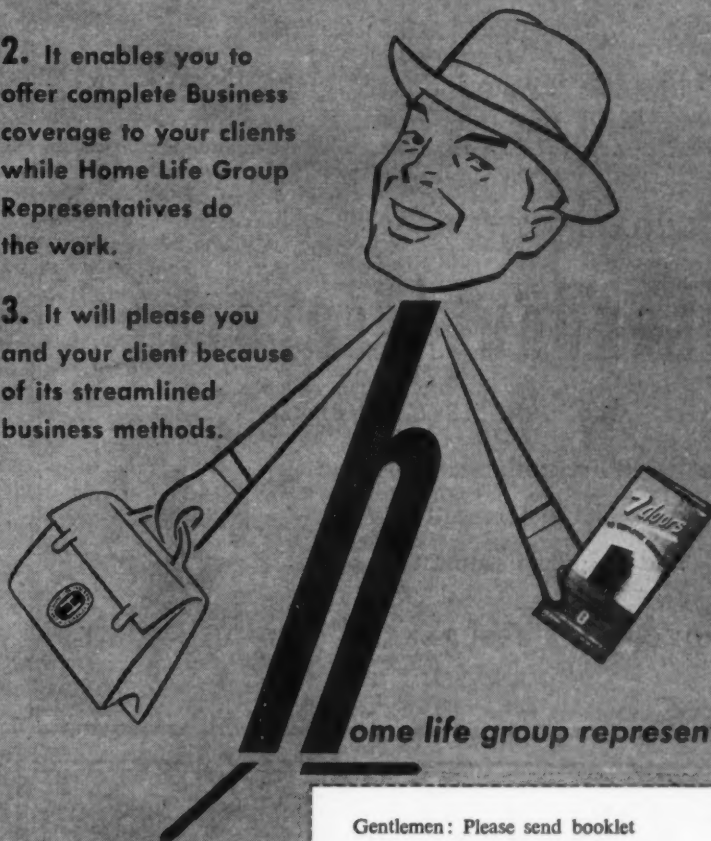
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## Fireman's Fund Expansion Brings San Francisco Moves

SAN FRANCISCO—Hartford Fire and Hartford Accident are moving their San Francisco metropolitan office to make room for the expansion program of Fireman's Fund in the Insurance Exchange building. The Hartford companies have occupied a large section of the ground floor of the building, owned by Fireman's Fund, for many years. Most of the metropolitan office will be housed in the enlarged Hartford building at 720 California street. The local fire department and the inland marine department are moving into new quarters in the Balfour building, California and Sansome street.

When Fireman's Fund moves a portion of its Pacific Coast operations division into the space, it will occupy all but one floor of the Insurance Exchange, adjoining the original home office building built in 1915. The company later built a 12-story building adjoining on Sansome street, at one

time known as the Fireman's Fund Annex, now partly occupied on the lower floors. Then it purchased the bigger Insurance Exchange, where it has gradually installed more and more departments.

At the same time the San Francisco planning commission is considering a proposal by the board of education to rezone 12 acres of a new developed residential area at Presidio avenue and California street, to commercial. Several months ago it was reported that Fireman's Fund desired the site for the erection of a modern office building for its own exclusive use. This would provide, within the city limits, spacious recreational, parking and other facilities for own organization.

Other companies, including American and North America, have started operations from 30 to 50 miles down the San Francisco Peninsula. The latter already has a large part of its staff located at San Jose and, with restrictions lifted, will erect a large office building there. American purchased a tract at fashionable Menlo Park, where

several other industries have erected plants and offices which resemble swanky resorts or large private residences.

## Ala. State Line Placed

Fiscal Director Hodo of Alabama announced that the state has placed its fire insurance on property valued at \$74,300,750 with nine local agencies. The premium was \$421,507. The insurance was on the basis of 78% to value.

W. J. Perryman & Co. of Birmingham received premiums of \$97,136. The other agencies are at Montgomery, being South Alabama agency \$22,794; I. Berman Co., \$79,744; Henry C. Barnett \$22,784; Paul Smith & Co. \$42,378; G. Hal Walker & Co., \$102,528, and Turner Insurance & Bonding Co. \$60,150. Additionally, I. Berman Co. received a premium of \$18,977 on coverage on state liquor stores. This was placed in American Aviation & General.

## Dr. Morse Denver Speaker

Dr. Robert M. Morse, director of the educational advisory department of American Institute for Property & Liability Underwriters, will address the annual meeting of the Rocky Mountain C.P.C.U. at Denver Nov. 3. He will also address on the same day the annual meeting of Fire Underwriters Assn. of Mountain States. L. Allen Beck is president of the C.P.C.U., and W. Rex Kerr is vice-president.

## Des Moines Insurance Day

The Iowa C.P.C.U. chapter will hold an Insurance Day at Des Moines Oct. 31. The program will open with a luncheon at which Dr. Harry Loman, dean of American Institute for Property & Liability Underwriters, will speak and confer the C.P.C.U. designation on six Iowa men. The main speaker will be M. L. Landis, counsel of Central Mutual of Ohio.

## Plan Conferment at Houston

An all-industry luncheon will be held Nov. 7 at Houston, with Garland A. Smith, casualty insurance commissioner of Texas, as principal speaker.

Regional conferment of the C.P.C.U. designation will be made by Dr. Harry J. Loman, dean of American Institute for Property & Liability Underwriters. There are 13 new designees in Texas, eight of them from Houston.

## Cal. Secretary to Retire

Laurence Canfield, secretary-treasurer of California Assn. of Insurance Agents, has announced that business commitments make it impossible for him to serve the California association in an official capacity after the end of this administrative year. The sudden death of a business associate has made it necessary for him to assume management of an extensive non-insurance business enterprise at Santa Cruz, Cal.

## Slate Eight N. C. Regionals

A series of eight regional meetings will be held by North Carolina Assn. of Insurance Agents, starting Nov. 17. Vice-president Deems Clifton of Clinton, will preside at all meetings. President Robert Senn of Greensboro will present his administrative report at the morning session and conduct an open forum discussion in the afternoon. Charles E. Hibbard, assistant manager of North Carolina Fire Insurance Rating Bureau, will speak on "The Functions of the NCFIRB" and Commissioner Cheek on "Regulation of the Insurance Business on the Agency Level."

The schedule includes: Nov. 17 Asheville, Nov. 18 Charlotte, Nov. 19 Winston-Salem, Nov. 20 Burlington, Nov. 21 Raleigh, Nov. 24 Whiteville, Nov. 25 Kinston, and Nov. 26 Anoskie.

## Underwriters Laboratories Is Issue in N. C. Dispute

RALEIGH—North Carolina Fire Insurance Rating Bureau will seek to justify a differential in rates between concrete-cinder block and brick construction at a public hearing Dec. 2 in Commissioner Cheek's office.

A protest was lodged by Quality Concrete Products Co. of Wilmington, which objected to Underwriters Laboratories as the sole testing agency whose stamp of approval would be recognized in giving credit for "approved" block construction. Quality Concrete wanted other testing organizations recognized.

Mr. Cheek concluded there was some discrimination as a result of the credit allowed for approved blocks and directed the rating bureau to abolish the credit. He also informed the bureau that after Nov. 1, the only differential between brick and block construction would be that which the bureau is able to justify.

Unable to meet the Nov. 1 deadline, the bureau asked for an extension until after the Dec. 2 hearing, and Mr. Cheek granted the request. At present the differential for approved block is one-half the differential for unapproved block.

## Credit Men Hear Navarre

Commissioner Navarre of Michigan addressed Grand Rapids Assn. of Credit Men on "The Role of Vision in Citizenship." He was introduced by Leon McVoy, local agent there.

## Kelehan to Cedar Rapids

James L. Kelehan has been appointed district manager at Cedar Rapids, Ia., for the State Farm companies. He succeeds William I. Martin, who was killed in a plane accident. Mr. Kelehan formerly was manager of radio station KIOA at Des Moines.

## Commits Olfactory Nuisance

The daily papers throughout the country carried in a prominent way a story about a letter that was received by International Life, the life and A. & H. company of Austin, Tex., that contained a substance giving off a disagreeable odor which caused a number of employees of International Life to become ill. About 14 employees were taken to the hospital, some of whom were suffering extreme nausea and headaches. The letter was postmarked Oglethorpe, Ga. The matter is being investigated by the state toxicologist.

Kansas Assn. of A. & H. Underwriters held its October meeting at Wichita with H. C. Morris, Wichita attorney who has made a thorough study of A. & H. insurance, as the speaker.

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# Eyes Accounting Problems of Indivisible Packages

As multiple line policies develop, the business probably will see some strange and interesting creatures which simply do not fit into established accounting concepts, Roy C. McCullough, manager of Multiple Peril Insurance Rating Org., told Insurance Accountants Assn. at its conference at Skytop, Pa. There was much interest in Mr. McCullough's description of the effect of multiple peril underwriting on traditional concepts of insurance accounting and vice versa.

Some of these creatures probably will cause accountants and statisticians considerable grief. Nevertheless, Mr. McCullough said, as usual those in the business simply will have to sharpen their pencils and find means of accurately reflecting insurance transactions under these new policies in various accounting reports and statements.

On the other hand, it is insufficient for people in rating and underwriting simply to shrug off the accounting problems as something for accountants to work out after the event without prior consultation.

## Fresh Approach May Be Possible

Insurance accounting has become quite complicated, even expensive. Much accounting work done in insurers, particularly that required by some of the rate regulatory authorities, had its origin in reasons that have long since been forgotten. Emergence of new coverages provides some excellent opportunities to see if in the process of marketing and developing these contracts a fresh approach cannot be made. Perhaps the policies and their method of handling can be so devised as to eliminate some of the accounting and statistical burdens under which the business presently is laboring.

He strongly recommended to all accounting and statistical personnel that when new policies are being developed they try to keep up with their development and even inject themselves into the picture early enough so that if there are to be changes in policy format, rating methods, etc. that can save work, they will be considered before it is too late. Management itself should see to it that accountants are brought into the picture early.

He noted that multiple line laws theoretically permit several types of combination contract, attachment of casualty endorsement such as limited theft to a fire policy, the third party liability endorsement for such attachment, and the schedule policy in which several pieces of coverage are booked together. In case of the latter coverages are optional with the purchaser and the total premium is roughly the sum of the premiums for each component. Beyond this is the indivisible premium type contract which makes no division as to fire, wind, theft, etc., premium.

## M.P.I.R.O. Policies Indivisible

M.P.I.R.O. deals, he said, with indivisible premium contracts either all risk or named peril. Currently it is developing manufacturer's output, now in effect in 28 states, and homeowners' A and B. The first is all risk with exceptions, the second named peril at an indivisible premium, in effect in five states.

The first problem is on what line

of the annual statement to report combination coverages. This is no great problem with the schedule contract, or the endorsement proposal. Some think this an advantage of the schedule policy. Mr. McCullough regards it as a disadvantage. Homeowners' B contains coverages which would require at least three policies (four if the contents are insured against fire on a separate policy). The fire policy must bear two endorsements, the dwelling form usually with E.C. No. 4 and the A.E.C. A three year residence and outside theft policy is required and a three year comprehensive personal liability.

## Eight Values Times Rate

In computing and checking the premium on these policies, eight different extensions of value times rate must be made as well as three different additions. When put together on one piece of paper under a schedule type policy, nothing new has been added, but none of the old has been eliminated in the way of paper work. It is still necessary to punch and tabulate for statistical purposes three premium cards on the fire policy, two on the theft policy and three on the liability policy, all to fit these premiums into the pre-existing arrangement on the annual statement of present statistical plans.

There is nothing wrong with the schedule type of contract, but Mr. McCullough thinks the business overlooks a good bet if in its packaging operations it fails to save a little strain in the accounting end. If the data on the package contract is broken up and scattered in different pigeon holes, when anyone desires to assess the results of the package he must reassemble it.

Accounting simplicity is a big reason companies in M.P.I.R.O. are intrigued with the idea of the indivisible premium. In the homeowners' contracts there is a single premium with a particular package. There are no extensions and at most one addition to pick up any additional premium. There is one premium card instead of eight for statistical purposes.

## To Use One Statement Line

The companies in M.P.I.R.O. propose to record all multiple line contracts of the single premium type on a single line of the annual statement. They feel the recording of losses should follow the recording of premium, though they will keep track of losses by cause for use in form and rate revisions and to guide underwriters.

Combining physical damage with liability covers may pose serious problems with commercial risks but on dwellings Mr. McCullough does not think separate underwriting by fire, burglary and liability departments is necessary. The nature of the commercial problems may be revealed by experience with composite rating used by casualty bureaus where both physical damage and liability covers are combined at a single rate in a single exposure.

Contracts may be developed in the future in which liability coverage is so large in relation to total protection afforded that if the arbitrary formula of schedule P is to have any meaning some or all of the premium should be included in P.

Homeowners' contracts, however, insure mainly against physical damage and the cost of liability cover compared with the total cost is picaune. The liability cover, which is the equivalent of comprehensive personal liability, includes property damage liability and medical payments, neither of them strictly speaking schedule P coverages. The B.I. in a policy just getting started is simply not worth bothering about.

Perhaps it is time again to urge that serious consideration be given to extensive revision and perhaps decent interment of schedule P. There is plenty of work to be done on an integrated

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program under which the business can lay up in good times funds to pay losses in hard times and in the event of catastrophes. But to get the most out of such a purpose the business should consider more than just a couple of lines of business, and whatever is done should be tied in with the necessary income tax revisions so that tax collections will not defeat the purpose of formula reserves. However, schedule P produces certain distortions, is unequal in its application between types of insurers, and is of little aid to solvency. Perhaps schedule P law should be amended to permit a discretionary change in the reserve requirements.

Assessing premium taxes for package policies is a real problem. Perhaps the only permanent solution is revision of the tax laws, equalized tax rates between fire and casualty, and between fire and casualty insurers in states where the tax is by type of insurer rather than contract. Such a revision is being attempted by Commissioner Lange in Wisconsin. In the meantime, perhaps a formula such as has been worked out in inland marine and automobile physical damage can be used.

Grouping of several coverages in a single document, whether schedule or indivisible, creates a large premium coming due on a single date. The pack prevents use of separate policies to budget premiums over a considerable period. To overcome the sales problem, there must inevitably be a wider use of installment premium devices, he thinks.

#### Budgeting by Policy Expensive

Budgeting premium payments by use of separate small policies with separate expiration dates is a rather expensive way of financing premiums. The insurance business does all the work of handling deferred payments but gets nothing therefor. It may be more desirable, accounting-wise, to put several covers in one pack, get all the work of issuing the policy done once, and permit installments at a suitable charge so that in subsequent years there is only the problem of handling the collection, instead of handling collections plus issue of several other policies.

If use of installment devices continues and spreads it might be well to look again at the current methods of recording business written on this basis, he suggested. Some states and some companies record the entire premium at inception, others have shifted to recording one year at a time. Some companies making the change have done it prospectively, a few have even done it retroactively. Some insurers think the requirement of recording installments as received is applicable to fire only and are recording premiums on allied lines at the full premium at inception. Installment handling is different in inland marine, and treatment of the composite premiums in workmen's compensation presents still a different theory.

He thinks the differences in the effect of varying methods of handling installment business on surplus, application of laws, taxes and so on are fairly small over a period of years and are not too important. Great accent should be placed on coming up with something that is simple and inexpensive. In these days of high prices, scarce help and tough competition, the business must find cheaper means of servicing its product.

He said it is dangerous to generalize on coverage and rates. There is no one best way of developing multiple line contracts. One learns best by doing, which is what the M.P.I.R.O. companies are doing.

#### R. E. Hoefert to L. A. Post

Richard E. Hoefert has been appointed fire agency superintendent in the southern California department of Fireman's Fund. He was formerly state agent in Arizona.

## Portrait Unveiled



A portrait of Frank A. Christensen, president of America Fore, was unveiled at the home office, at an informal gathering in the officers dining room. Officers, department heads and executives from various insurance associations were present.

In a short talk, Executive vice-president J. Victor Herd said that the completion of the portrait represented the fulfillment of a desire on the part of the directors to have such a painting added to the distinguished gallery of

portraits in the directors room.

Mr. Christensen graciously acknowledged the picture, greeted those present and introduced the artist who painted the picture, James McBey.

In the upper panel is shown the portrait. Below are shown Messrs. Christensen, Herd and McBey.

## Kan. 1752 Club Elects

TOPEKA, KAN.—Kansas 1752 Club, meeting here with Kansas Assn. of Mutual Insurance Agents, elected G. F. Clark, United Adjustment, president; F. V. Taylor, Taylor-Hawkins general agency, vice-president, and J. B. Tank, Kansas City, Kan., general agent, secretary.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago  
Oct. 28, 1952

	Div.	Bid	Asked
Aetna Casualty	3.00*	92	94
Aetna Fire	2.25*	56	57½
Aetna Life	2.50*	91	93
American Alliance	1.50*	33½	34½
American Equitable	1.50	27½	28½
American Auto	2.00	47½	49½
American (N. J.)	1.00	26½	27½
American Surety	3.00	50	52
Boston	2.60*	70	72
Camden Fire	1.10*	22	24
Continental Casualty	2.50*	82½	84
Crum & Forster Com.	2.00*	44	45
Fire Association	3.00	68	69½
Fireman's Fund	1.60	57	59
Firemen's (N. J.)	.90	26	27½
General Reinsurance	1.60	33	35
Glens Falls	2.00	59	61
Globe & Republic	.80	15	16
Great American Fire	1.50*	36½	38
Hartford Fire	3.00*	151	153
Hanover Fire	1.60	38½	39½
Home (N. Y.)	1.80	38½	39½
Maryland Casualty	1.20	24½	25½
Mass. Bonding		20	21
National Casualty	1.50*	29	31
National Fire	2.50*	68	70
National Union	1.80	39½	41
New Amsterdam Cas.	1.50	38	40
New Hampshire	2.00	46	47½
North River	1.20	28½	30
Ohio Casualty	1.20	67	68
Phoenix, Conn.	3.00*	99	102
Prov. Wash.	1.50*	29½	31
St. Paul F. & M.	.85*	33	34½
Security Conn.	1.60	37½	39
Springfield, F. & M.	2.00	50	52
Standard Accident	1.60	38	39½
Travelers	14.00*	655	665
U. S. F. & G.	2.00	56	58
U. S. Fire	1.40	44	45½

\*Includes extras.

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## Auto Woes Pervade Mass. Agents Rally

(CONTINUED FROM PAGE 2)

of the public required to travel to company offices to place 1953 auto coverage.

The report of the special committee to study the auto liability market, headed by Daniel M. Walsh, Jr., of Springfield, revealed the results of a questionnaire the association recently completed. This showed that agents are considerably worse off this year than a year ago in respect of market facilities.

Carroll K. Steele of Gloucester, who presided over the special session on agents' problems, said the association's auto committee is working with companies to alleviate the situation. The association is represented on the state producers' council committee that is sitting with the companies on the automobile problem. Frederick J. England of Cambridge, retiring president of the agents' association, is the coming president of the council, he noted.

### Want Curtailments Reconsidered

The only way the agents can live through 1953 is to get insurers to reconsider the curtailments of market they have been putting through in October and to forego even more drastic reduction in auto writings which they definitely plan or intend, in case the rate increase due soon is not enough to get them out of the red, Mr. Steele said. If the companies don't get adequate rates this time, Frederick H. Woodward of Lynn commented, no agent will be in business.

The discussion at Mr. Steele's session revealed that a Springfield agent was notified Oct. 1 that his casualty insurer will not write his auto business for 1953; that represents 70% of his business. He has been an agent 30 years. He believes companies are paying off too many minor, unjustified claims or on injuries that are faked.

The assigned risk plan should operate so as to let the agent place the car; insured should not pay \$10 to get into a pool where he no longer gets agency service.

An agent from Quincy said she doesn't know where she can get her own car insured. During the past year she has been placing auto business through another agency, at one-half commission, but with the proviso the other agency also got the physical damage cover, at one-half commission. Now the company will take her auto business if she gives it all of her business, all of it at half commission.

Of course, there are many rumors, one that some big companies are ready to open offices and take business direct. This really makes it look as though a wonderful business is going to pot, agents believe. There were many complaints about the assigned risk plan operation; that it does not pay a commission to agents, but insured has to pay \$10 to get a producer to do the work.

### Large Agencies Having Trouble

Last year at this time the small agencies were the ones having difficulty; today both large and small offices are having trouble. Where companies have restricted large ones, the latter are cutting the broker or sub-agent who places auto business with them, not their own business.

It was interesting to note that agents indicate the size of their operation by the number of cars they handle; here is a 100 car agency, a small one; there is a 400 car agency, medium size, and so on. There was clear realization displayed in the discussion that agents simply cannot continue if their auto business is wiped out.

One agent with four casualty companies said he was having no trouble. He believes the agent with several insurers is better off than if he has to rely, in these times, on one.

There was talk of a campaign to change the law to take the rate making power away from the commissioner and give it back to the companies, but some agents don't believe this can be done. A few agents bitterly assailed the companies for letting them down, but many indicated their assessment of the situation that it is a problem bearing heavily on both companies and agents and that the two interests must help each other to evolve a solution. The need of vastly more education of the public about the business was hinted and stated.

In addition to the Lowell board's pool office to handle no-commission auto business, which is to be opened Nov. 6, the Worcester agents said companies are toying with the idea of a pool there to handle troublesome business at a cost of doing business commission, to take care of the agent who cannot get his automobiles placed. Worcester agents now are preparing a campaign of advertising to educate the public on various phases of the auto problem, including accidents and high verdicts.

### Problem of Joint Effort

Agents demonstrated what they can do, in the flat rate fight, and they could solve this problem in cooperation with the companies if given a chance. But in answer to this suggestion it was pointed out that unlike fire where several companies share the same risk, in casualty no two companies act in exactly the same way, no company can speak for another and it is difficult to find common thinking.

It was suggested that agents who are cut off on auto notify insured and ask them to write the governor.

Mr. Woodward pointed out that Gen-

eral Motors' physical damage cover has a \$25 deductible on malicious mischief.

## SULLIVAN SPEECH

Agents and company people at the banquet listened closely to Commissioner Sullivan, whose demeanor indicated he had something on his mind besides bringing greetings from his department. Since the supreme court decision in the rate case, he said, he has been asked a lot of questions, one of them: "Is it your intention to freeze automobile business?"

No, he said, he has simply taken a position on the relation between an agency of government and a business.

"We don't want to get into the insurance business," he declared. "But there are laws. You conduct your business. You have talent, money (this drew a big laugh), and if we don't think you're complying with the law, we'll tell you about it. We want to be helpful and can discuss many things, but it is wrong of the business to run to the department with every little problem they have. The department doesn't have much money to work with; we take it easy. No government department overworks itself. I was with the department 10 years and I know."

### Insurers "Freezing" Him

The story of freezing the auto business didn't appeal to him much, he said. The casualty companies have exercised their freezing powers on the commissioner. There is plenty of evidence that this pressure is being exerted by the casualty companies and it falls short only of legal proof. He said he had received calls daily for three months in connection with automobile insurance.

"It affords an excellent discipline of my temper," he said. After all, he said,

Whipple & Cienega

Bid	Asked
92	94
95	97 1/2
91	93
33 1/2	34 1/2
27 1/2	28 1/2
47 1/2	49 1/2
26 1/2	27 1/2
50	52
70	72
23	24
82 1/2	84
44	45
68	69 1/2
57	59
26	27 1/2
33	35
59	61
15	16
36 1/2	38
51	53
38 1/2	39 1/2
38 3/4	39 3/4
24 1/2	25 1/2
20	21
29	Bid
68	70
29 1/2	41
38	40
46	47 1/2
28 1/2	30
67	Bid
99	102
29 1/2	31
33	34 1/2
37 1/2	39
50	52
38	39 1/2
55	66 1/2
56	58
44	45 1/2

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the casualty companies brought the rate suit. He thinks the decision was a fine judicial one and he knows the supreme court is right. It is not going to take over rate making, "that is the commissioner's job. My worry isn't whether the court is right but am I?"

Auto insurance writers don't care if the state has a compulsory law, financial responsibility law, or what. The only question with the companies is, Who is the rate maker? They make the rates in other states. In Massachusetts the commissioner makes them.

He doesn't think criticisms of the Massachusetts law are warranted. It has never been repealed, he said, and "it won't be, though I recognize that if there is enough stir by the companies as their power increases from year to year, it might be."

He said New York has compulsory insurance for certain classes of drivers, but Bohlinger (the superintendent of insurance) doesn't make the rates. Why is compulsory okay in New York and not in Massachusetts? The automobile is a dangerous weapon. Many states are revising their F.R. laws, tightening them up. But the results don't speak too well for the laws. He said in Connecticut two months after the law was tightened up only 46% of those involved in accidents were insured.

He doesn't like unsatisfied judgment funds, or impoundment. They are expedients. The insurance business won't come to the point.

The matter should be clear after 30 years, he added. Drivers should have insurance on their automobiles, paid largely by those who don't have accidents. The problem can be worked out. He thinks the inflationary peak has been reached and that loss ratios will be more endurable in the future. There is good business going begging in Massachusetts, he said; 30-year agents are going out of business; companies won't take coverage on five-number plates, or, if they do, they pay no commission to an agent for it. He sympathizes with the agent's problems but he said he can't help him in his relations with his companies. He hopes it will be a brighter picture next year and thinks it will be.

### Agents and Legislators

Arthur C. Conley, manager and counsel of Insurance Federation of Massachusetts, warned agents against a lackadaisical attitude toward the threat of state funds in cash sickness, workmen's compensation and automobile. Addressing the opening session, he urged agents to find out who their representatives in the legislature are, get acquainted with them, and explain the business' problems—they are receptive to information.

Mr. Burke gave the secretary and treasurer reports; Mr. Woodward, legislative committee; George D. Mirick, Shelburne Falls, education; Dana J. Lowd, Northampton, fire and G. Frank Lord, Great Barrington, resolutions. In his talk, William N. Woodland, editor of the Standard, noted that until someone can tell how much of the indivisible 4-cent rate for additional extended coverage is for fire and how much for casualty, the Massachusetts department is not going to approve it. The laws permit such multiple line underwriting, but in the department casualty rate filings have to be made with one deputy and fire filings with another.

New directors elected are Mr. England, Mr. Lord, J. S. White, Taunton; G. W. Parker, New Bedford; C. D. Hebb, Pittsfield, and R. C. Briggs, Amesbury.

The association was host at the reception before the banquet this year.

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was sponsored by Brewer & Lord, De-  
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Kaler, Carney, Liffler & Co., John C.  
Paige & Co. and Philip Richenberg  
agency.

William W. Ellis, field supervisor of  
Aetna Casualty, spoke at the closing  
luncheon on the three S's of salesman-  
ship. The talk of Walter M. Sheldon,  
Chicago, president N.A.I.A., with which  
the meeting opened, was treated last  
week.

## Accountants Hold Notable Session

(CONTINUED FROM PAGE 2)

lating authorities to attempt to fix a  
standard of credibility for fire insur-  
ance loss ratios obtained from classified  
experience developed by National Board.  
One department has selected an arbi-  
trary standard of \$5 million in pre-  
mium volume for complete credibility  
in a classification.

Credibility depends upon the num-  
ber of losses and hence a standard  
based on premium volume should vary  
markedly from one classification to an-  
other. However, even more important  
is acceptance of the idea that fire rates  
should be adjusted up or down in a  
mechanical manner based on past loss  
experience, subject to a credibility fac-  
tor. Most fire policies are not revised  
during their currency to correspond  
with changes in the amount of cover  
and since many fire policies are written  
three or five years, earned premiums  
are a measure not of the exposures in  
the year but of exposures at an earlier  
date. Many fire losses are partial which  
depend in amount on the financial con-  
dition at the time of loss regardless of  
cover. Hence, changing economic con-  
ditions will affect the ratio of incurred  
losses to earned premiums even if there  
is no change in the true burning rate.  
Use of a five year average for rate  
making is insufficient to smooth out  
economic cycles and a factor of judg-  
ment must be retained to develop rates  
which are adequate.

The company which can make the  
most use of its statistics and which by  
use of a scientific approach to its prob-  
lems can have a better knowledge of  
the business than others will always  
have a competitive advantage, he said.

### Guy Ferguson's Talk

Selection, training and direction are  
the key to better performance and in-  
creased business efficiency, Guy Fer-  
guson of Ferguson Personnel, Chicago,  
explained. Selection includes sources of  
recruitment, setting up specifications,  
diagnosing the applicant, matching the  
employee and the job and introducing  
the employee to his job and his com-  
pany, Mr. Ferguson said.

Training is an aspect of organization  
development. Training of new as well  
as older employees and supervisors is a  
part of the training program. Mr. Fer-  
guson defines supervision as the catalyst  
which hastens action and assures the  
results arising from selection and train-  
ing.

The sliding scale commission is com-  
paratively new, having gained its im-  
petus in 1945 and 1946 in the U. S., John  
Lamble, president of North Star Re,  
noted. It was used previously but to a  
very limited extent and not as a gen-  
eral practice. It came into being largely  
as a result of the poor showing of pro-  
fessional fire reinsurers during the 10  
year period ended 1946. He said he  
has been unable to discover the origin  
of the idea.

Today at least 80% of the individual  
pro rata accounts, in number though  
not necessarily in volume, use the slid-  
ing scale of commission. He said there

is no such thing as a standard commis-  
sion rate or a standard method of  
calculation. The percentage of commis-  
sion to be allowed the ceding company  
by the reinsurer and the way in which  
it is to be figured are only two of the  
many details thoroughly discussed by  
the two parties prior to consummating  
an agreement or treaty.

He noted that the commission per-  
centage slides in direct relation to the  
actual earned loss experience on the  
business ceded. For each 1% improve-  
ment in the earned loss ratio the com-  
mission percentage may be increased by  
% of 1%, automatically rewarding the  
ceding company by giving it a share  
of the profits of the treaty until the  
maximum commission is reached. In  
actual practice the graduation can be  
very uneven.

### Settle by Negotiation

The usual procedure is to settle by  
negotiation what the minimum commis-  
sion, maximum commission and reinsur-  
er's spread are to be. This then deter-  
mines the slide or commission differ-  
ential for each point change in loss  
ratio. Since the ultimate commission is  
based on earned loss experience, and is  
therefore unknown until the end of the  
year, the ceding company is permitted  
to deduct from its monthly accounts an  
agreed upon provisional commission  
percentage of the premiums written.  
Then as soon as possible after the close  
of the year, the earned loss ratio is  
calculated and the ultimate commission  
percentage determined in accordance  
with the sliding scale arrangement.

The adjustment of commission, by  
actual payment, is arrived at by multi-  
plying the earned premiums by the dif-  
ference between the percentage of the  
ultimate commission to which the ceding  
company is entitled and the percentage  
of the provisional commission already  
allowed in the monthly accounts.

In addition to the immediate payment  
or refund of commission as determined  
by the sliding scale, it is customary to  
provide permanent credit and deficit  
carry forwards so that should the ceding  
company, in the example cited above,  
have a loss ratio of less than 40% or  
greater than 62½% the amount of such  
percentage difference shall be applied  
to the earned premiums and carried for-  
ward as either a credit or debit to losses  
incurred of the following year. Further,  
in connection with the provision for  
credit and debit carry forwards, it is  
understood that in the event of the can-  
cellation of the treaty by either party,  
the existing credits and debits are au-  
tomatically eliminated.

The commissioners' decision, while  
presumably not a matter of law, is a  
recommendation which may well be  
followed by many states. It is to the  
effect that the provisional commission  
should be not more than five points  
higher than the minimum commission  
and, frankly, it is the normal practice  
of the reinsurer to recommend to the  
direct writers that, if possible, they keep  
the minimum and provisional commis-  
sion percentage at the same level.

### Scilipoti Personnel Chief

Clinton Scilipoti has been appointed  
director of personnel for American In-  
ternational Underwriters, American In-  
ternational Marine Agency of New  
York, and C. V. Starr & Co., Inc.

James McLane Tompkins has relin-  
quished his post as C. V. Starr & Co.  
personnel director to undertake a spe-  
cial assignment with that company.  
After attending Haverford, Mr. Scilipo-  
ti got his master's degree at Harvard  
business school. He was with the in-  
vestment counsel firm of Scudder, Ste-  
vens & Clark before the war. He is a  
navy veteran of the war and then was  
with Vick Chemical Co. before joining  
A.I.U. in 1950.

George R. Dailey of St. Paul F. & M.  
and F. H. Calquhoun of American Cas-  
ualty will lead a discussion on premium  
finance at a luncheon meeting Nov. 13  
of Assn. of Insurance Agency Account-  
ants of New York City.



## It's not just IDLE GOSSIP

when one agent tells another how pleased  
he is with the multiple line underwriting  
facilities of the Phoenix-London Group.  
It's justifiable pride, and he wants every-  
one else to know about it.

**Phoenix-  
London**

**GROUP**

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**PHOENIX ASSURANCE CO., Ltd.**  
**COLUMBIA INSURANCE COMPANY**  
**UNITED FIREMEN'S INSURANCE CO.**  
**THE UNION MARINE & GENERAL INSURANCE CO., Ltd.**  
**LONDON GUARANTEE & ACCIDENT CO., Ltd.**  
**PHOENIX INDEMNITY COMPANY**

## THE GROUP WITH THE GROWTH

**Aug. 1, 1951**  
operating in  
**TEXAS**  
**LOUISIANA**

**Aug. 1, 1952**  
operating in  
**ALABAMA** **LOUISIANA**  
**ARIZONA** **MISSISSIPPI**  
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**COLORADO** **NEVADA**  
**FLORIDA** **NEW MEXICO**  
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A Group Built by 125,000 Insurance-Buying Stockholders



**THE INSURANCE COMPANY OF TEXAS**  
**LIFE INSURANCE COMPANY OF TEXAS**  
**CONTINENTAL FIRE & CASUALTY INSURANCE CO.**  
**"Owned by Union Members..."**  
**Serving Working People**

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Supporting the Traditional American Agency System

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**JUSTERS**  
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**1908**  
**CHICAGO**

## NEWS OF FIELD MEN

### Mich. Field Men Attend "Vocation Day" Institute

About 65 field men and Michigan department personnel who have participated in training programs or who plan to become instructors in such programs attended a "vocation day" institute at Michigan State College. Main speakers were Lester Kirk, Standard Accident; Charles Irvin and Robert Rompf of the college faculty. Michigan Fire Underwriters Assn. arranged the vocation day program.

Mr. Kirk analyzed the disposition of the premium dollar, emphasizing that policyholders themselves pay losses and are responsible when loss increases result in higher rates. Mr. Irvin talked on "Effective Speech and Sales Personality" and Mr. Rompf on "Applied Human Relations."

A new class in agency fundamentals is being conducted at the college this week with an enrollment of around 90. A dozen instructors each from fire and casualty companies and five department executives are the professors. The department will conduct a licensing examination at the end of the course.

### Indiana Field Divided

Edward A. Foisey has been appointed state agent in Indiana, except Marion county, for Girard and National-Ben Franklin.

He has been a special agent of the Loyalty group, traveling under State Agent M. B. Yager in Indiana, but the territory has been divided and Mr. Foisey has been made state agent for the two companies.

### Rowse Wichita Speaker

Walter W. Rowse, regional manager of Western Adjustment, Wichita, started a series of discussions of the rules and latest interpretations of improvements and betterments insurance at the October meeting of the Sunflower Blue Goose puddle at Wichita. Rule book provisions for the coverage were radically revised in Kansas and many mid-western states early in the summer.

### Opens Springfield Office

Royal Exchange has opened a new office at Springfield, Mass., in charge of Henry E. Stabile, to cover western Massachusetts, Vermont and Connecticut. Mr. Stabile has been a special agent for the New England branch at Boston and before that was an underwriter at the New York office.

### Donald Davis in Conn. Field

Donald B. Davis has been named special agent in Connecticut for Aetna Fire. He succeeds James A. Carpenter who resigned to become associated with a local agency.

Mr. Davis joined Aetna Fire in 1950 after his graduation from Trinity.

### Expect 125 at Ill. Meeting

Advance registrations indicate that about 125 field men will attend the fall meeting and initiation of Illinois Blue Goose at Chicago, Nov. 6. The initiation will take place following the close of the quarterly meeting there of Illinois Fire Underwriters Assn.

Life membership certificates will be awarded by Lloyd J. Eppler, Cook County manager of Loyalty group, most loyal gander. The banquet speaker is Tom Duggan, television sportscaster and radio announcer.

### Fete 3 Illinois Veterans

The Springfield puddle of Illinois Blue Goose at a dinner meeting honored three retiring insurance figures who have been in the business there for many years. They were Ross J. Harmon, retired Illinois state agent of

Home; Harry M. Callahan, who is retiring the first of the year as Aetna Fire Illinois state agent, and John L. Hon of the Funkhouser-Moore general agency, who is retiring and will now operate a motel at Kendallville, Ind.

Wayne S. Sinclair, Aetna Fire, as puddle bull-frog, was toastmaster. Brief resumes of the careers of the honor guests were given by F. W. Mountain, general agent of western department of Aetna Fire; David E. Larson, downstate manager of Home; Herbert A. Elkin, Camden Fire; Homer Sturgeon, Pearl Assurance, and C. P. Nichols, American States.

### Scott and Margold Named in St. Louis, Ill. Changes

American of Newark has transferred Harold G. Scott, state agent, from St. Louis to Decatur, Ill., where he will take over the field formerly handled by Harold Williams, who has been transferred to the western department office at Rockford, Ill. Mr. Scott has been with American for 20 years. After service in the western department office, he traveled in Michigan, southern Illinois and eastern Missouri before taking charge at St. Louis.

John J. Margold replaces Mr. Scott at St. Louis. He has had headquarters at St. Louis and supervised eastern Missouri for five years, and in his new position he will continue to travel the eastern Missouri field. Mr. Margold has been in the insurance business for 15 years.

### R. I. Assn. Elects Greene

N. A. Greene, Providence Washington, has been elected president of Rhode Island Fieldmen's Assn., succeeding Ralph W. Toole, who has been transferred to Philadelphia.

Gothard N. Thoren, London & Lancashire, is vice-president; John E. Borhek, Employers, secretary, and Philip N. Hall, Boston, treasurer.

## COMPANIES

### Lanning Top Underwriter of Munro Reinsurance Group

Milton V. Lanning has been appointed chief underwriter for the combined operations of Prudential of Great Britain, Skandia and Hudson, of the Munro group. These companies are engaged in reinsurance of fire and allied lines, with offices at 90 John street, New York.

Mr. Lanning is a graduate of Blair Academy and Amherst College. He was formerly supervising underwriter of Excelsior and prior to that was with Hartford Accident and with Loyalty group in an underwriting capacity. His experience encompasses fire, automobile, and inland marine.

### St. Louis Group Foursome

Midwestern Fire & Marine of St. Louis is now being operated side by side with Washington Fire & Marine, St. Louis Fire & Marine and Ins. Co. of St. Louis. All the stock of Midwestern F. & M. has been acquired by General Contract Corp., which also owns Washington F. & M. General Insurers, Inc. is underwriting manager for all these companies.

### Plans of Goodwin Southern

Goodwin Southern Ins. Co. that is owned by John B. Goodwin, who is engaged in the real estate, insurance and mortgage loan business at Memphis, starts off with \$75,000 capital and \$25,000 net surplus. Mr. Goodwin bought 750 shares of \$100 par value stock. The fire insurance is reinsured 90% with Aetna Fire and 100% of the extended coverage and windstorm.

Mr. Goodwin has been in the fire insurance business six years and owns the John B. Goodwin insurance agency. Manager of Goodwin-Southern is L. B. Weeks, who has been manager of the John B. Goodwin agency since it was formed. The office is in the Commerce Title building at Memphis.

### Insurers Issuing Perpetual Policies Hold Conference

Possible ways of improving service rendered by companies writing perpetual fire insurance policies were discussed at a meeting held in the offices of Philadelphia Contributionship by executives of the six companies now writing such policies in the U. S.

Further meetings will be held to discuss new policy forms. This was the first time these companies had met in concert.

Those attending were J. Morgan Denison and Frank E. Seymour of Mutual Assurance of Philadelphia; A. L. Keigler and John J. Schelz, Baltimore Equitable; G. Moffett King, Jr., Mutual Assurance of Virginia; George A. Wal-

ton, Herbert W. Backes, Henry Wellington, and Algernon S. Cadwallader, Bucks County Contributionship; Clifford R. Wright and Albert C. Hawes, Cincinnati Equitable; Jas. Somers Smith, Jr., Walter L. Smith, Jr., and Albert G. Branyan, Philadelphia Contributionship.

The meeting, while devoted primarily to the forming of new acquaintances, gave an opportunity for exploratory talk about the possible effect of multiple peril underwriting on these companies. Most participants favored broadening of the extended coverage endorsement and a merger of this form with additional extended coverage. Some also expressed hope that the \$50 deductible will be applied to all EC-AEC perils.

A question posed there was "Does the public actually want multiple peril?" It went unanswered in the subsequent discussion.

Baltimore Equitable Society has proffered an invitation to the perpetual writers to meet at Baltimore some time next year.

Public National Ins. Co. of Miami, Kurt Hitke, president, has applied to California for admission.

## WANT ADS

Rates—\$13 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Monday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER — FIRE & CASUALTY EDITION

### SOUTHWESTERN LOCAL AGENCY WANTS —

Combination fire & casualty underwriter and office manager well-versed in casualty underwriting, preferably with several years experience in a large general agency or company home office, in early thirties and with business administration training. Inside duties only in a leading local agency. Good income. Good opportunity. Give background, experience and references. Write Seligman and Sackett, 205 Copper Avenue, N. W., Albuquerque, New Mexico. Your reply will be treated confidentially.

### APPLICATIONS INVITED

... Opening is for a man, should not be over 35 years old, with three or four years experience as a special agent or the equivalent in the fire and casualty insurance field. Must be a good salesman capable of calling on top executives, make own decisions. Responsibility and pay commensurate with background and ability. Income augmentable. Position is in middle eastern states with travel connected. Address applications to N-83, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill., giving full details as to education and business experience.

### OHIO VALLEY

Fire company multiple line charter planning regional service office requires qualified man in charge to manage, develop and expand special agency field force. Send in confidence details of age, experience, qualifications. Address N-86, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### AVAILABLE

Young, energetic adjuster. Experienced all casualty lines, also bonds, boilers, inland marine accident and health. Desires Middle West position possibly Ohio, willing to travel. Will only consider position with a good future. Address N-87, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED

Automobile physical damage claim examiners and adjusters. Positions open in Chicago and Florida territories. An unusual opportunity for qualified men with excellent employee benefits including profit sharing plan. Address N-89, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### SPECIAL AGENT

Casualty and Fire Special Agent to travel State of New Mexico with headquarters in Albuquerque—"Health Center of the West"—representing the largest General Agency in the state. Territory well established. No long periods away from home. Finish car or pay mileage on yours. Salary based on your ability and experience. Write Homer D. Bro, c/o Pacific Service Company, P. O. Box 583, Albuquerque, New Mexico.

### SPECIAL AGENT WANTED FOR CINCINNATI AREA — OHIO

A leading stock bureau company wants young man looking for a future. Traveling limited. Casualty experience desired. State qualifications and salary wanted. Address N-65, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### AGENTS WANTED

A non-assessable mutual fire company, rated A+ (Excellent) by Best's, writing at a deviation from Bureau rates, wants additional agents in Illinois. Address N-75, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED

Man thoroughly experienced in general fire insurance statistical work. Excellent opportunity for man with qualifications with large multiple line insurance group of companies located in San Francisco, California. Please write in confidence giving complete details as to your experience. Address N-84, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### COMPANY CAPITAL FINANCING CONFIDENTIAL

Address N-85, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### AVAILABLE CASUALTY CLAIM EXECUTIVE

Age 44, 25 years successful record in field, branch and home office. Can organize and maintain efficient claim department. Also experienced in underwriting, production and personnel. Address N-81, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.



# Hold Another Parley on Excess of Loss

(CONTINUED FROM PAGE 1)

and to which it cedes its business on an excess of loss basis. Mr. Glennon declared that this has been done under sufferance and that it will be impossible, he believes, to continue to do this now that the issue has been raised. That is—he said there will now have to be some definite authority for the use of that method.

C. H. Graves, Mutual Insurance Advisory Assn., said that presently a blank line is used to write in the excess of loss reinsurance experience in one lump sum. He said it would serve no purpose to split this business by line.

Mr. Sanford asked whether excess of loss reinsurance is true shedding of liability or whether it is simply a business expense.

Mr. Diemand vouchsafed that insurance accounting has been built up around treaty reinsurance and the problem arises because of attempts to "strong arm" excess of loss transaction into the same mold.

## Expense Item Question

Karl Blaise, Inter-Ocean Reinsurance, asked if excess of loss reinsurance premium is to be treated as an expense whether a recovery under that contract should also constitute an expense item.

Mr. Glennon injected the question of whether excess cover for a self-insurer, particularly in the workmen's compensation line constitutes reinsurance, and whether the self-insurer under these circumstances stands in the light of an insurer. A. S. Kuenkler of U.S.F. & G. replied that some states say that this is direct insurance so far as premium tax is concerned.

Ambrose Kelly of the Factory Mutuals said there are various ways to report reinsurance transactions and there is no harm done if one company does it one way and another does it another. The fact that there is not uniformity hasn't bothered the examiner if all the figures are there. How it is reported doesn't affect the financial position of the company.

## Opposes "Whittling" the Premium

J. P. Gibson, Jr. of American Mutual Reinsurance said the annual statement form was conceived for the direct company and the assumption of excess of loss reinsurance is an entirely different procedure. He argued that it is more meaningful to enter the excess of loss reinsurance figures in one sum than it is to "whittle" the premium and insert it by lines of business.

Mr. Kelly suggested that the matter is very closely akin to that which is going to arise under multiple peril underwriting with indivisible rates for package insurance, etc.

Mr. Glennon insisted that if there is only to be one line in the statement, the insurance department should know what that consists of. Mr. Kelly answered that the states could get a supplementary memorandum from the companies on this.

Mr. Blaise suggested that if the premium were broken down by lines, the states could still find out what companies were engaging in excess of loss reinsurance by an interrogatory in the statement blank asking whether the company is writing excess of loss reinsurance and, if so, how much its gross business was and how much its net. Mr. Kelly remarked that the proposal of the proponents is agreeable to all except the N.A.I.C. committee.

Mr. Gibson, continuing his argument that the single line entry may be more revealing than the distribution of the premium by line, pointed out that following the 1950 eastern storm, the losses that American Mutual Reinsurance had to pass on to its retrocessionaires, made those companies grunt. If the latter, which are mutual companies, had broken down this experience by line, the story of what happened would have been pretty well concealed.

William A. Hannon of Employers

Reinsurance asked Mr. Gibson how his company knows where it stands line by line when it treats the premiums in a lump sum. He said that a vital part of reinsurance underwriting consists in keeping the various lines in balance. He spoke ruefully on this and was undoubtedly referring to the blows suffered by Employers Re due to its concentration of automobile business.

J. B. Clancy of Royal-Liverpool said that there is only a small volume of business involved in this classification and to require reporting it in a single entry would upset many elements in the annual statement.

Mr. Diemand said that North America insures numerous London Lloyds syndicates. This applies to their entire book of business for a flat premium. The insurance involved is a combination of fire, marine and accident. Any attempt to divide this by line would not make sense, he contended.

## Reaction on Expense Loading

Mr. Kuenkler said any company that goes to buy reinsurance is questioned very closely on the make-up of the portfolio and what lines are involved, etc. He said about the only advantage that he could see in the proposal to report premiums in a lump sum was that it might have a favorable reaction on the expense loading.

Mr. Graves read letters from mutual companies contending it is impracticable to distribute excess loss reinsurance by line or by state. Excess of loss covers several lines and is experience rated. The rate for one year may be affected by the experience on a single line the year before and hence, it is impossible to make any meaningful breakdown of the rates.

Mr. Kuenkler emphasized that allocation to line is the rule in the casualty business. Mr. Graves said that his group would like to have a one-line entry for casualty as well as for fire, but realizes that there is a schedule problem and is not making such a proposal.

E. D. Obrecht of Inter-Ocean Reinsurance said his company has written excess of loss experience for 29 years and has distributed the liability with other companies and has always broken down the premium by line without difficulty.

## North America's Figures

At the second day hearing, when Mr. Glennon sought to adduce information on the total volume of excess of loss reinsurance, the group was surprised to learn that of the \$30 million of reinsurance premiums entered on a single line in North America's statement, only about \$3 million was excess of loss. There was a sharp exchange over this between Mr. Diemand and Mr. Glennon. The former insisted North America was entirely within its rights in doing this and intended to continue to do so. However this changed the nature of the argument entirely and caused something of a realignment on the industry side. The other proponents of a single line entry were confining their interest strictly to excess of loss reinsurance.

Mr. Gibson said that of American Mutual Reinsurance's \$5 million in premiums about \$4½ million was excess of loss reinsurance.

Mr. Glennon remarked that the total amount of excess of loss reinsurance is insignificant overall and doesn't amount to more than 1% of the aggregate business. He speculated that there are errors in annual statement reporting in other directions that far exceed whatever inaccuracies are involved in excess of loss reporting.

## Ill. Address Corrected

The new address of Illinois Assigned Risk Plan is 75 East Wacker Drive, Chicago, instead of the address that was given in last week's edition.

# Fascinating FIRST FACTS....

## CHIN WHISKERS AT BIRTH



Benevolent, enraged, wise, confused and often misunderstood—man of many moods, symbol of a mighty nation—on March 13, 1852, our country's Uncle Sam was born. That day the now famous Uncle Sam was born in a comic weekly, the New York Lantern, created by Frank Bellow in his editorial cartoon, "Raising the Wind."

The original, living Uncle Sam was Samuel Wilson, official inspector at Troy, N. Y., of provisions purchased for U. S. troops in the War of 1812. Inspected shipments were branded "U.S." by Wilson whose nickname became Uncle Sam. Recollection of this and the coincidence of initials in United States and Uncle Sam accounted for this symbolic national trade-mark.

One-hundred years ago, in 1853, just a year after Uncle Sam was born, the St. Paul Fire and Marine Insurance Company was granted its original charter. Today, the Saint Paul Companies continue to pioneer new forms of insurance coverages so that you may give your insureds the most complete protection possible.



Members, American Foreign Insurance Association, offering world-wide insurance facilities.

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New York 38, N. Y.  
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## AN INVITATION TO PROGRESSIVE AGENTS

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## EDITORIAL COMMENT

### Keeping Insured Solvent

For most people it takes a good deal longer than 11 years to complete the purchase of a home. Yet in 11 years the replacement cost of buildings has increased more than 110%, more than 100% since 1943.

If the dwelling owner who purchased his house in 1942 or 1943 has not increased his insurance since, a total loss is likely to put him back in the renting class. He becomes an ex-part owner. The same thing would be true for the years of purchase 1944, since when replacement cost is up more than 95%; 1945, more than 70%; 1947, more than 45%, and perhaps as recently as 1948, more than 25%. Any one of those percentages, in case of total loss, could hurt the underinsured owner seriously.

Those who have not had to buy a house lately can feel richer by calcu-

lating their profit, were they to sell. Or, they can feel smug because they bought at a 1936 or 1941 or 1929 level.

The thing that should scare the day-lights out of those who have not increased their coverage—and scare their agent too—is that many people would have to go back into a market twice as high as the day they purchased their homes. For them this would be an enormous step, if they preserve via insurance the large savings in their investment in a dwelling. Their equity in homes represents the major portion of the savings of the majority of people in this country.

In effect, what the agent is doing when he insures the owner up to the hilt is to keep him in business, to continue him in business as a solvent, economic entity

### Statistics Better Be Believable

Any insurance company that doesn't want to get blasted by the Reporter of Direct Mail Advertising had better not employ statistics that it manifestly can't support.

The most recent company to get its knuckles rapped in print by that magazine used the following passage in its direct mail solicitation for hospitalization insurance:

"And here's a strange fact . . . although most people realize that one person in every two families will be rushed to a hospital this year, of every

50 persons who get this letter we know (from earlier mailings) that 35 will not read it, 11 will read part and throw away . . . three will put the card aside, expecting to mail it later . . . one will actually mail it back to us."

Asks the Reporter: "How in heck does any statistician know that 70% of the people receiving any specific letter will not read it? Or that 22% will read only part? The figures are not true. They shouldn't be used as a direct mail gimmick. This 'stunt' should be buried forever."

## PERSONAL SIDE OF THE BUSINESS

A. E. Duncan, Jr., personnel director of Fire Association, has just returned to his home after an operation on his left eye. He expects to have a similar operation on the right eye next February, restoring his sight to office use. He plans to be in the office again within two weeks.

William R. Nicolai, head of the large risk division of the policy service department of Fidelity & Casualty, celebrated his 50th anniversary with the company. He joined the legal department and served later with the cashier's and plate glass departments. When the policy service department was formed in 1933, he was called upon to head the large risk division composed mainly of fleets and bus risks. Mr. Nicolai was entertained at a luncheon by the officers of the company, and in the evening at dinner by his business associates and friends.

To mark 80 years of representation of Pennsylvania Fire as general agents for eastern Pennsylvania, F. E. Parkhurst, Jr., president of Thompson Derr & Bro., Inc., of Wilkes-Barre, gave a dinner at his home at Kingston, Pa.,

attended by 56. Pennsylvania Fire officials attending were W. L. Nolan, president; S. R. Howard, secretary, Philadelphia department, and R. T. Stewart, secretary, middle department.

Mr. Nolan presented Mr. Parkhurst with a framed Currier & Ives print of an historical fire scene. He also received from Mr. Stewart a framed collection of engraved business cards dating back to the 1860's. These will be displayed in Mr. Parkhurst's trophy room at the general agency. The firm of Thompson Derr & Bro. has been in the general agency business 94 years.

Artemas C. Leslie, Jr., son of the Pennsylvania insurance commissioner, has gone with the G. Harold Moore agency of State Mutual Life at Pittsburgh.

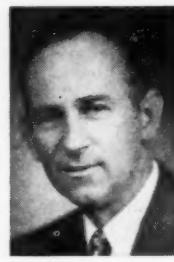
Of special appeal to those in the insurance district of New York City is the service to be held Nov. 3, the day before election, at the famous Trinity church, Broadway and Wall street, by the rector, Rev. John Heuss. The half hour service is expected to be attended by many insurance executives and personnel. Dr. Heuss began his ministry

in Evanston, Ill. One of the vestrymen at Trinity is E. H. Carson, president of National Surety.

As announced last week, Ronald M. Hubbs has been elected vice-president of all three companies in the St. Paul



George E. Freese



Ronald M. Hubbs

group and George E. Freese secretary of the fire companies. Mr. Hubbs has been with the group since 1936 and Mr. Freese since 1932.

Ray McGuire, executive vice-president of Pacific Employers, has returned from a two-month trip to Europe.

Richard A. Oldani, agency superintendent of Stewart, Smith (Ill.) Inc., Chicago, has been recalled to active duty with the navy. He was promoted to a lieutenant commander assigned to the helicopter school at Pensacola, Fla.

Paul Britton of the Altman-Singleton agency of Kansas City has returned from a visit to the coast to get acquainted with his first grandchild that was born Oct. 1 to his daughter and son-in-law, Mr. and Mrs. Francis Weigand of Berkeley, Cal. He has been named Paul M. Weigand.

Attending the convention of National Assn. of Bank Auditors & Controllers at Milwaukee this week are Richard T. Wood, manager of the fidelity department of American Surety, and William Zimmerman, manager of the research division of Surety Assn. of America.

J. Raymond Berry, general counsel of National Board, is recuperating in Presbyterian Hospital at Newark from an operation to remove his gall bladder.

## DEATHS

DION G. BURTON, 52, independent adjuster at Jacksonville, Ill., died there. He was formerly with Lynch Adjustment Co. at Springfield and opened his own adjustment service at Jacksonville about a year ago.

JOHN B. PFIFFNER, 62, for 32 years with Hardware Mutuals of Stevens Point, died at a Milwaukee hospital after a long illness. He served in a number of capacities at the home office and the Milwaukee branch as sales manager, office executive and field service manager.

EDWARD FELEGY, special agent for Home with headquarters at Pittsburgh, died at the age of 48.

HERBERT E. ENDICOTT, 44, Illinois state agent of Northern Assurance, died of a heart attack at a hotel at Mattoon, Ill. Mr. Endicott had been with Northern for 23 years, starting in New York. He moved to Illinois in 1947, and after a short stay at Chicago was appointed state agent for the entire state except the metropolitan area, with

headquarters at Pontiac. He had been for two years secretary of Illinois Fire Prevention Assn., being responsible for the program of town inspections.

FLOYD R. DuBOIS, 73, for many years senior partner of Frank & DuBois, New York City insurance brokerage firm, died in New York hospital. He had been chairman of the board of Yorkshire Indemnity since its founding in 1926 and was a founder and original chairman of Seaboard Surety. A graduate of Harvard, he was active in legislative affairs and had written papers on insurance matters. Mr. DuBois also was one of the founders of Seaboard Fire & Marine, a member of the York-shire group. Frederic Marshall DuBois, one of two sons, has been in the insurance business. He was a vice-president of Berkshire Mutual and also was vice-president for a time of Connecticut Fire & Casualty.

JOHN V. O'HEARN, 45, assistant secretary of Anchor Casualty, died at St. Barnabas hospital, Minneapolis, after a long illness. A graduate of St. Paul College of Law, he had been with Anchor 21 years.

The body of MRS. HAWTHORNE K. DENT, wife of the chairman of General of Seattle, was found in Lake Washington near the family home. Mrs. Dent had been in poor health.

WESLEY G. CANNON, 63, a 40-year veteran of casualty insurance at San Francisco, died at his home there. He was at the time of his death executive officer for the San Francisco defense commission, having resigned as vice-president of Edward Brown & Sons to accept that public responsibility.

He had served as vice-president of the old International Indemnity prior to its control by the late Carl M. Hansen; manager of the California state compensation fund and compensation underwriter for Hartford Accident on the Pacific Coast. He had been in ill health for several months. When manager of the state fund he inaugurated many reforms to take it out of political pressure and control.

WEBB HUBER, 56, local agent at Champaign, Ill., died suddenly in a hospital there. Mr. Huber had been in the business there for more than 20 years.

MILTON M. SPRADLIN, prominent general agent of Tampa, who died at the age of 59, started in the insurance business as a local agent at Hickman, Ky. Later he became a special agent for Aetna Fire in Kentucky, and in 1926 went to Florida as special agent for Finley Tucker & Bros., general agents of Jacksonville. In 1933, he became state agent for Corroon & Reynolds and then in 1940 he opened his own managing general agency which he operated with his cousin, W. C. Spradlin, representing State of Pa., Caledonian, Standard of New Jersey and Reliable of Dayton.

ED S. MOORE, who was the founder of the prominent local agency at Birmingham, Ala., known as Ed S. Moore, Inc., died at a hospital at the age of 80. The president of this agency is Charles L. Gandy, who is a former president of National Assn. of Insurance Agents. A son, Ed H. Moore, also of that agency, is a former president of Alabama Assn. of Insurance Agents.

Mr. Moore moved to Birmingham from North Carolina in 1898 and the next year founded his local agency. He helped to organize the Hospital Service

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SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.



Corp. of Alabama in 1936 and was its manager until he retired in 1948. He was an organizer of what is now Birmingham Federal Savings & Loan Assn. and was its president at the time of his death. He was president of the board of trustees of Birmingham Baptist hospital for many years and was a director of Crippled Children's Clinic Board. He was a life deacon and trustee of South Side Baptist Church.

Ed S. Moore organized Ed S. Moore, Inc., in 1899, and from the beginning it has been exclusively an insurance agency with the slogan "Nothing But Insurance."

Mr. Moore was president of Alabama Assn. of Insurance Agents in 1909, and as secretary-treasurer almost single-handedly held it together until 1919. He was a past president of the Birmingham Board and its secretary for 10 years.

In the old days, after the turn of the century, he rarely missed a convention of National Assn. of Insurance Agents. He contributed a lot of money to help balance the budget of that organization. Charles Gandy went with him as a boy of 15 years in 1909, and when Mr. Gandy became assistant secretary of the Alabama association in 1919 he stepped out of the picture and Mr. Gandy attended all national conventions. But he never missed an Alabama convention up to the time of his retirement 10 years ago. Rather than be inactive, he organized and directed the Blue Cross-Blue Shield of Alabama. Mr. Gandy bought his interest in this agency in 1945.

Ed H. Moore is a former president of the Alabama association and former secretary. This is perhaps one of the few firms in the country that has produced three association presidents and three association secretaries.

**ALEXANDER J. YOUNG**, 80, of Albany, treasurer of New York State Insurance Federation for 30 years and secretary of Albany Board for 40 years, died. He founded the Young agency at Albany.

**THOMAS M. HOGAN**, retired Illinois state agent of Dubuque F. & M., died Tuesday night at St. Joseph hospital, Chicago. He was born at Joliet, Ill., in 1874. He was with Queen from 1897-1906; John Naghten & CMO., 1907-1910. He was with Dubuque from 1910 until he retired in 1947. He was president of Illinois Field Club in 1919, and was most loyal gander of Illinois Blue Goose the same year.

**EARL G. RAY**, 56, Milwaukee, for 10 years on the staff of Nurnberg Adjustment Co., Milwaukee, was killed in an automobile collision while on a business trip.

**SAMUEL METZGER**, 73, retired manager of the insurance department of American Smelting & Refining Co., died. His home was at Asbury Park, N. J.

**W. H. SILLIMAN, SR.**, 86, veteran Seattle local agent, died after a three-year illness.

**LOUIS LEIX**, 81, for many years a local agent at Altoona, Pa., died there. Last July he was presented a scroll in honor of 25 years' representation of America Fore. He was a former treas-

urer of Blair County Assn. of Fire & Casualty Agents.

**MRS. CLARICE N. PILLSBURY**, 56, formerly manager of the Lloyds department of Robert O. Fleming & Co., Seattle, died following an illness of a year. She was for many years with D. K. MacDonald & Co. before joining Fleming & Co.

**EDWARD FLADUNG**, 80, of the Hooper & Fladung agency at Reading, O., died.

**W. A. G. LeBOUTILLIER**, 64, for a number of years engineer with the Benedict & Benedict brokerage firm, New York City, died at Portchester, N. Y.

## Simkin's Currier & Ives Book Is Fine Panorama

Colin Simkin, assistant manager of the public information and advertising department of Travelers, has edited a panorama of the mid-nineteenth century scene, "Currier & Ives' America" which has been published by Crown Publishers, Inc., New York.



Colin Simkin

Mr. Simkin is a leading authority on the works of Currier & Ives. Since 1936 he has directed the production of the Travelers annual Currier and Ives calendars, an idea he originated and which has been credited with an intense revival of interest in the lithographic prints.

The new publication offers 80 choice prints in full color with extended commentary by Mr. Simkin on the prints themselves and the times they portray. The book is 12 inches by 16 inches and the prints are 10 inches by 14 inches.

The prints best represent Currier & Ives from the view of historical value, beauty, interest, popularity and rarity. Many of them have never appeared in color in any other book and some of the prints were never before reproduced in color.

Mr. Simkin has become a leading collector of Currier & Ives prints. In his foreword, he defines the purpose of the book as a presentation of American history as seen through the prints of Currier & Ives during one of the most important periods in our history from the 1830s to the 1880s when America was at its most picturesque.

## Dubuque Promotes Curley

Richard J. Curley, special agent of Dubuque F. & M. who has assisted State Agent Elmer J. Remington in the New England and eastern New York field for the past two years, has been promoted to state agent in charge of the upper New York territory. His headquarters are in the Mayro building, Utica. He is a graduate of Loras College and a navy veteran of the last war.

## N. Y. Legislative Group May Meet Soon on Auto Issues

Following the election, the New York joint legislative committee on insurance headed by Sen. W. F. Condon of Yonkers is expected to hold at least one hearing on automobile insurance. This probably will be in November and is expected to take up such matters as capacity and compulsory auto insurance.

Recently Sen. Condon and other legislators of Westchester county met to discuss possible legislation in New York at the next session that would establish compulsory automobile insurance, written through private companies, compulsory inspection of motor vehicles, and revisions in the M. V. laws to get stricter penalties for habitual traffic law violators.

The group plans a meeting with Sen.

Seymour Halpern, chairman of the legislature committee on M. V. problems and Sen. William S. Hults, Jr., chairman committee on unsatisfied judgment fund and compulsory cover.

First on the list of matters to be taken care of legislatively, Mr. Condon indicated, is uncollected claims involving uninsured motorists. He deplored the present law which gives the driver a bite before he is compelled to insure.

## Field Post for Smigrodzki

Appointment of John A. Smigrodzki as marine special agent in eastern Pennsylvania for Aetna Fire is announced. He replaces Charles I. Tenney who resigned recently.

Mr. Smigrodzki joined the marine department at the home office in 1949 after graduating from University of Connecticut. He was later transferred to Philadelphia. He is an army veteran.



*A good sign*

for any agent's office window

"It's the service that counts"

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## The Case of the Deadly Staircase



What was the sinister secret of this particular staircase? Why did it pick girls only for its victims?

It looked innocent enough—a perfectly ordinary staircase in a well-maintained department store. But the record was clear—a long succession of falls, bruises, broken legs and cracked collarbones sustained by the store's salesgirls on that one flight of stairs.

Time after time, the girls were cautioned to be more careful. The store's safety committee examined the stairs again and again, but could find no explanation. As the Company carrying the store's insurance, Aetna was concerned by the problem, and an Aetna Loss Prevention Engineer was assigned to the case.

Experienced in eliminating both human and mechanical causes of accidents, he went over the staircase carefully. The lighting was good. The treads and handrails seemed perfect. The landing was wide and covered with a non-slip surface.

Then he noticed a full-length mirror on the landing where the salesgirls could check their grooming after leaving a nearby washroom. "Let's get rid of that

mirror," he said. "The ladies won't like it, but maybe they'll watch their feet instead of their faces." Simple—but it worked. The falls stopped. The case was solved.

You probably will never face just this problem. But the chances are there will be many occasions when the broad experience, specialized training and objective viewpoint of Aetna Loss Prevention Engineers can prove invaluable to you.

Expert in mechanical, construction, chemical, electrical and automotive safety, 225 Aetna Engineers have built an enviable record of spotting and eliminating out-of-the-ordinary hazards. But they don't stop there. They reduce human causes of accidents, too, with an outstandingly successful arsenal of educational aids—including full-color motion pictures, posters, manuals, booklets, action displays and demonstrations.

If your company is insured by the Aetna, these trained men will gladly work with you on any loss prevention problem. You will find their experience helpful not only in reducing accidents and lowering insurance costs but also in increasing production.



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<small>Ætna Casualty and Surety Company</small>	<small>Standard Fire Insurance Company</small>

Hartford 15, Connecticut



This advertisement appearing in national business publications is one of a series telling the story of Aetna's outstanding Loss Prevention and Loss Handling Services which are winning important friends for Aetna and its agents all over the country.



## Insurers in Mass. Tell Their Plight to Public

### News Release Cites 4-Year Loss of \$25 Million on Compulsory

BOSTON—By this year end casualty insurers will have lost on compulsory automobile bodily injury liability coverage in Massachusetts \$25 million in four years, \$8 million this year, according to John O'Connor, executive secretary of Casualty Insurance Companies Serving Massachusetts, the public relations organization of the companies.

The information went to newspapers and other media early this week in explanation of why insurers are more selective in issuing 1953 coverage. The compulsory rates have been woefully insufficient to meet the emergency.

The companies cannot continue indefinitely to write compulsory cover at consistent, tremendous losses, according to Mr. O'Connor, though they are presently making emergency efforts to provide insurance for 1953. The companies will have to wind up writing the entire business because there is no one else to do it. The only alternative is a state fund for compulsory, and he does not believe the tax paying public will permit this to happen.

### Losses \$3¼ Million in Boston

The losses of the companies in Boston alone in the three years ended 1951, private passenger cars only, were \$3,293,928.

Massachusetts compulsory rates have gone up 12.5% since Jan. 1, 1947, but in Connecticut in the same period auto B.L. and P.D.L. rates have increased 68.3%; Maine, 71.6%; New Hampshire, 24%; Rhode Island, 40%; Vermont 89.6%; Illinois, 68.7%; Maryland, 77.3%; Michigan, 39.5%; New York 75.2 and Pennsylvania, 37.8. The cost of living has nearly doubled and the cost of a car nearly tripled in 20 years, but the average statewide rate for compulsory in Massachusetts has edged up only 3.1% since 1932.

In the period 1946 through 1951, 216,038 persons were injured in Massachusetts auto accidents, 61,178 last year, an increase of 10.6% over the preceding year. The number of vehicles on the road increased only 6.9%.

The position of the insurers is desperate and will become disastrous unless adequate rates are granted, according to the bulletin. It noted that it is impossible to deny insurance to car owners with bad accident records as long as the motorists have a license and registration. Companies can't charge more for coverage of youthful operators in the state, though the classification plan is in effect on property damage cover.

### Assigned Risks Zoom

From other sources it is learned that the assigned risk plan is getting between 300 and 400 applications a day. About six weeks ago it had aboard more than 30,000 risks. This was expected to be 50,000 by Jan. 1. If Commissioner Sullivan leaves the companies in a tight halter with inadequate rates for 1953, the number of risks assigned will become astronomical.

Companies must accept assigned  
(CONTINUED ON PAGE 30)

## All Texas "Comp" Writers Join to Ask Early Rate Raise

AUSTIN—Writers of workmen's compensation insurance in Texas, who normally are at odds over remedial programs, have jumped into the same bed this year by unanimously voicing their "Me, too" desires for an overall 19.7% rate increase at a public hearing before the Texas board of insurance commissioners in Austin.

Furthermore, their joint program includes a development or a refinement of the state's rating formula through application of a so-called rate level adjustment factor in lieu of the present wage level factor and also an urgent request that the effective date of the new rates be advanced to Dec. 1, instead of the customary Feb. 1, for the primary purpose of shortening the lag between experience figures and their application to risks.

### Buyers Oppose Advancing Date

Spokesmen for buyers, while generally admitting that rate increases seem to be necessary, were solidly in opposition to advancing the effective date to Dec. 1 and they urged, insofar as their several businesses were involved in proposed changes, that the board "closely scrutinize" figures affecting their classifications before ordering "too large an increase" in rates.

The Texas board, as usual, has taken the problem under advisement, after being advised that a proper solution of the crisis involves not only the granting of adequate rates but also the maintenance of a market for compensation risks and recognition of various factors that grow out of the "social" nature of workmen's compensation insurance.

### Experience Figures Released

Concurrent with the hearing the board released its experience figures, which included the following totals: Premiums at present collectible rates for policy years 1950 and 1951, \$104,696,648, and a combined loss ratio of 65.4%, with the loss ratio increasing to 67.2% in 1951 from 63.4% in 1950; standard earned premiums for calendar year ending June 30, 1952, \$64,602,801, with incurred loss ratio of 70.7%.

The data showed that, on the basis of the policy year's experience, an 18.5% overall increase was indicated in the manual rate level. Then the board applied the proposed new rate level adjustment factor, which is described as a "package" factor that includes trends in the wage level, medical costs, indemnity costs and accident frequency. The resulting overall rate increase thereby becomes 19.7%, divided as follows by industry groups: Manufacturing 14%, contracting 24.1%, oil 22.3%, all other industries 17.2%.

### Petitioners Are Named

Those pleading for rate increases at the earliest possible date included spokesmen for National Council on Compensation Insurance, Texas Employers, which writes more than 25% of the compensation business in the state, and a dozen individual stock and mutual carriers. The principal witnesses were William Leslie, Jr., National Council; A. F. Allen, president, and G. W. Greathouse, vice-president Texas Employers; Stoddart Smith, American Associated; C. J. Haugh, Travelers; J. L. Barter, Hartford Accident; H. W. Yount, Liberty Mutual; C. E. Archibald, Employers Mutual Liability; Karl Vasen, Houston Fire & Casualty; R. C. Stewart, Commercial Standard, and Sam R. Johnson, Great American Indemnity.

## Uniform Accounting Session Elicits the Usual Exchanges

### National Bureau Submits Proposed New Definition of Acquisition Expense

The uniform accounting subcommittee of N.A.I.C. headed by James J. Higgins of New York, had another go at Chicago and went over what has now become very familiar ground.

On the subject of functional distribution of commission and brokerage it was made known that National Bureau of Casualty Underwriters had submitted a proposed new definition of acquisition expense. Mr. Higgins stated that this might be given consideration by the subcommittee in April. C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents was given assurance that he would be given plenty of opportunity to review the proposal.

The companies argue that the present requirement for splitting acquisition and general expense is difficult to follow and a new definition is wanted. The agents' groups are naturally interested in this matter.

The old question of allocated loss expense raised its head again and was touched on briefly. Mr. Higgins asked the N.A.U.A. representative what use his organization makes of its definitions as distinguished from the definitions of the mutual organization and the National Bureau. He was not able to develop an answer on this.

There was a lengthy discussion of the relationship of uniform accounting and rate making. The subcommittee pressed to get the industry to admit that rate making should recognize per unit costs more than it does. Along this line, in allocating expenses by line, it has been established that for many of the operations the best basis is a unit count (number of policies handled) rather than pure premium. Having gotten the industry people to admit that, the uniform accounting subcommittee wants the rate-makers to use the unit count in developing rates by classification and territory rather than depending on a percentage loading on the pure losses.

Thomas Carlson of National Bureau of Casualty Underwriters said a justification for such variation in loadings is a complicated matter. There is a great deal of extra work involved that makes it impractical. He said that on some lines there is to some extent an application of the unit count, for instance on workmen's compensation. The expense cost is correctly based on averages. He pointed out that a particular loss is not charged to an individual insured and he said likewise that not necessarily should the cost of a policy that is particularly expensive to handle be charged to that particular insured. There needs to be recognized the validity of an average in expenses as well as in losses.

There was given a report by an industry subcommittee on the basis of allocation. This committee analyzed certain operations and indicated how the allocations should be handled. The N.A.I.C. subcommittee, however, lit on this report as not limiting the number of methods that could be used. The industry obviously is trying to avoid being placed in a straitjacket. It wants to be able to use a premium base if that is necessary, but is willing to admit that this is not always the best procedure. The industry committee did say that a premium base should not be used unless the company had made an analysis and can prove that this was reasonable.

## Ohio Employers Fight to Retain W. C. Expense Subsidy

### Self Insurers Block Committee Approval of Free Enterprise Move

The private insurance position was pretty well suffocated in the meeting at Columbus last Friday of the industrial commission investigating committee of the Ohio program commission. This group, under resolution of the Ohio legislature, is investigating the whole workmen's compensation monopolistic state fund administration in Ohio and will make recommendations to the 1953 legislature. At the Friday meeting the proposed report was reviewed and several changes were made. Votes were taken on numerous proposals and the group rejected statements advocating a competitive insurance situation with private companies being permitted to operate that were filed by E. B. Berkeley, prominent local agent of Cleveland, and Donald McVay, president of Ohio Farmers. The latter's statement was filed in absentia.

At the same time the committee voted to recommend retaining the state subsidy which amounts to about \$5 million per biennium and that takes care of some of the expenses of the fund. This feature has been condemned by the advocates of private insurance as giving the Ohio employers a great windfall at the expense of the general public, and concealing the true actuarial results of the fund. Insurance people privately feel that they have difficulty in lining up private employers in favor of a competitive system because the employers are very well satisfied to have the general taxpayer defray the cost of administering the workmen's compensation system. Self insurer representatives smothered the opposition to the subsidy.

Also there was retained in the committee report a statement approving continuation of the monopolistic plan.

### Fight Looms in Legislature

Of course, the cause is not entirely lost even though the report of the committee might be adverse to the insurance competitive situation. The final word is up to the legislature, and there will be a potent minority report.

The report is very critical of the way that the workmen's compensation system is operating in Ohio, and the position of the insurance interests is that most of the faults that are cited would be done away with if a competitive insurance situation were in existence.

The Berkeley statement takes emphatic exception to the recommendations that the monopolistic state fund system be retained, and that the cost of operating the fund be continued to be paid out of general revenue.

The only reason given for the retention of the monopolistic fund, according to Mr. Berkeley, is the flat statement, without any supporting proof, that the system is satisfactory to both employers and employees and has been in use in the state since the adoption of the law. "We submit that the report itself, replete as it is with recommendations for drastic improvements, is ample evidence that the operation of the state fund has not been satisfactory. As for its existence

(CONTINUED ON PAGE 31)

## Hospital Rates Up 7% in 1952

American Hospital Assn. in its recently published annual study of hospital rates says that the most common daily room rates charged in all U. S. general hospitals in 1952 was \$12.23 for a single room, \$9.68 for a two-bed room, and \$8.34 for a multi-bed room. These rates are approximately 7% higher than similar accommodations in 1951, and more than 40% higher than those of 1947.

The report indicates that of hospitals participating in the survey, 33% of the patient days were paid for by Blue Cross; 18.8% by insurance companies, 7.8% by governmental agencies, with

the remaining 40.3% being paid for by the patients themselves. Large hospitals serve slightly more Blue Cross and insurance company patients than small hospitals, and the non-profit hospitals more than proprietary hospitals or government hospitals.

## Reinsurance Men to Address Independent Claim Council

Executives of five reinsurance companies will review problems in that field at the winter meeting of the Claim Managers Council of Independent Casualty Insurers at the Sheraton Hotel, Chicago, Nov. 6-7.

Rupert G. Morse, vice-president of Employers Reinsurance, will speak on "N.A.C.C.A. and Casualty Claims," and

there will be an open forum on "Casualty Reinsurance Claim Problems," with Holly W. Fluty, vice-president General Reinsurance; F. H. Kelly, vice-president of Excess; W. B. Wise, vice-president American Reinsurance, and Kellogg Sherwood, claim manager of Peerless Casualty, as participants.

Robert Denton and George Denning of Wolverine will also discuss "Claim and Underwriting Aspects of Cancellation of Risks" at the first day's session. Talks the second day will include "The Broadening of Medical Payments Coverage by the Courts," Leonard F. Kraft, Suburban Casualty; "A Review of Workmen's Compensation Coverage and Losses," R. L. Hubbard, Bituminous Casualty; "Property in Charge of the Insured, the Welborn Case," E. H. Lesseter, Illinois National Casualty, president of the council, and "The Minnesota Plan for Medical Testimony," Palmer Benson, St. Paul-Mercury Indemnity.

## N.A.U.A. and Bureau Use Common Zones in Wash.

National Automobile Underwriters Assn. at the requests of the agents' association has filed a change in territorial definitions in the state of Washington to correspond with territories used by National Bureau of Casualty Underwriters.

Ever since the N.A.U.A. rate revision filing last April, the Washington department also has been attempting to secure the revision. As a result of the new filing, instead of the city limits of Seattle, Spokane and Tacoma representing territory 1, these limits will be extended to include various other towns in areas beyond the city limits, which will result in lower collision rates for the areas involved.

## Messersmith Heads New Illinois Adjusters Assn.

Illinois Adjusters Assn. was organized at a meeting at Peoria, with W. C. Messersmith, Wolverine, Decatur, as temporary president. Espey C. Williamson, independent adjuster, is secretary. The vice-president will be selected by Northern Illinois Adjusters Assn. at its November meeting at Rockford.

Representatives of Casualty Adjusters Assn. of Peoria and Adjusters Assn. of Central Illinois attended. Permanent officers will be elected at the first statewide convention next spring.

## Kellogg Named in Cal.

Joseph S. Kellogg is taking over the Corroon & Reynolds southern California field which Donald Bowker relinquishes. Mr. Bowker is going into the local agency business.

## New Reinsurance Agreement Required

Superintendent Bohlinger of New York has put out a new regulation on reinsurance agreements. This supercedes what was known as regulation 17. According to the announcement, the new regulation is similar to the old one but has been broadened to reflect the amendment of section 77 (1) of the insurance law by the 1952 legislature. As a practical matter, reinsurance people say, there is no change.

The agreement in effect provides that in the event of insolvency of the direct writing company, the reinsurer shall pay an amount to the receiver without diminution because of the reduced amount the receiver may have to pay by reason of the bankruptcy. In other words, this provides for the receiver making some money on the reinsurance transaction without the benefit of the reinsurance going to the individual claimant. For instance, a direct writing company may have reinsured an auto risk with limits of \$100/300,000 excess of \$10,000. There may be a claim that is evaluated in the receivership at \$50,000. However, the receiver pays off at only 50 cents on the dollar. Nevertheless, under this agreement the reinsurer must pay the receiver \$40,000. The claimant would get \$25,000 and the receiver would be \$15,000 ahead and that amount would go into the general estate and would be paid to other claimants.

Now that this regulation is being brought out there is some grumbling and agitation of the issue which probably won't lead anywhere, however. There are a number of critics who believe that the principle is unsound and that if the reinsurer is required to pay on this basis, it should be for the benefit of the individual claimant.

## \$300,000 California Verdict Wins "Adequate" Rating

Even in this day of box car verdicts (called "adequate awards" by N.A.C.C.A.) in personal injury cases, a jury in California the other day voted a sum that nevertheless attracted more than passing notice. There was a judgment of \$300,000 that was awarded by a jury in Alameda county superior court on behalf of a barber of Berkeley. He was injured when the cab in which he was riding collided with a Santa Fe train at Berkeley. The judgment was against the Yellow Cab Co. and its driver. The Santa Fe was adjudged not at fault. The successful plaintiff is Dewey Deshotel, Jr.

## la. Agency in Receivership

The Christie agency of Des Moines has been placed in temporary receivership by District Judge Murrow with Commissioner Fischer named as temporary receiver. The court action was asked by Orient, which claimed that the agency was insolvent due to mismanagement. It said the agency owed it \$9,688 in premiums. L. E. Ellis & Co. of Des Moines, which intervened in the suit, claimed the Christie firm owed it \$11,095 in premiums collected. Judge Murrow ordered that the agency be continued in operation.

## A. H. Pringle Is Promoted

Phoenix-London group has appointed A. H. Pringle as an assistant treasurer. He has been with the group since 1933 and most recently has been superintendent of the agency accounts department.

## Gulgusky Is the Big Toad

During the town inspection of Kingsport, the Knoxville puddle of the Blue Goose elected Robert V. Gulgusky, American, as big toad; John Gibson, G.A.B., Polliwog; Sam Arnold, Tennessee Ins. Co., croaker; T. F. Finley, T.I.B., bouncer; Ed Martin, T.I.B., chairman entertainment committee.

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RISE IN COST OF LIVING SINCE 1939

88%



**FIRE LOSSES FOR 1951**

**\$731,405,000**

RISE IN REPLACEMENT VALUES SINCE 1947

HOME CONSTRUCTION

HOME FURNISHINGS



45%

PURCHASING POWER OF DOLLAR SINCE 1939



53.2%



24%

#### PERCENTAGE OF HOMES

UNDER-INSURED

98%



**HOIST SALES**



### SALES POINTERS

#### PERCENTAGE OF BUSINESSES

UNDER-INSURED

COST OF \$100 FIRE INS. COMPARED TO 10 YEARS AGO

**LOWER**

56.5%



**MULTIPLE LINE FACILITIES**

**SEE YOUR ANCHOR MAN FOR COMPLETE DETAILS OR WRITE . . .**





## Paper Work Curbs Appetite for Wis. Young Driver Plan

### Opposition Arises to Making Assigned Risk Change Elsewhere

The Wisconsin plan for reducing the number of young driver risks going to the assigned risk plan is encountering formidable opposition in other states where it is being considered. This is a plan by which the company reduces proportionately the number of assigned risks that it gets for every named insured 25 years old or younger that it writes voluntarily. It was conceived primarily as a public relations measure to avoid subjecting the young drivers to the assigned risk stigma.

The objection is to the additional paper work that this requires. It is not only a matter of cost but inability to get clerks at any price.

#### Burdensome for Agency Companies

Agency companies say that this kind of a requirement is far more burdensome for them than it is for direct writing companies whose controls are such as to enable them to comply with such a procedure more easily. Under the Wisconsin plan there is a form that is captioned application for credit, or notice of cancellation. The insurer is supposed to notify the assigned risk authorities within 30 days of issuance, renewal or cancellation of policies in which the named insured is under 25 years of age. This means that a company must check all of its incoming business. If the agent is writing the policies, then it may be necessary to get the agent to transmit these notices. Special problems arise in connection with Wisconsin business written by non-resident brokers. Some adverse critics of this procedure are speculating that the cost of getting the information may outweigh the advantages of establishing the credit.

#### Linked to N. Y. Departure

In the minds of some critics this is linked with the demerit rating plan in New York as piling paper work on paper work. Everything that is done, these critics say, seems to entail more handling and at a time when clerical help is almost impossible to get at any fair price. The New York procedure is particularly burdensome on the companies in that the data on which the surcharge is imposed is something that only the companies can determine. It is not simply a matter of whether the applicant has had a loss, it is a particular kind of loss and it is one that must have happened in the 18 months expiring six months prior to the effective date of the policy. Here, too, the companies are running into special problems on New York business that is written by brokers a long way off. Agents and brokers in contiguous states are becoming familiar with the New York setup, but those a thousand miles away or so are very often completely uninformed.

The Wisconsin plan involves only those cases where the named insured is 25 years or under. It does not involve the ever increasing number of risks in which the young driver is the actual owner of the car, but a parent has it registered in his or her name in an endeavor to make it easier to get the insurance. In connection with this matter in a number of states the managers of the assigned risk plan have tried to get the true assignee to come in for assignment so that the policy can be issued to him. This is important

for the youngster, because unless a broad form drive-other-car coverage is attached to the policy in which the parent is the named insured, the youngster is not covered when he drives other cars.

### N. Y. Motor Vehicle Chief Discusses Impoundment and UJF in Talk to Agents

NEW YORK—Without advocating any particular proposal, James Macduff, commissioner of motor vehicles, told Assn. of Local Agents of New York City at a meeting here that there will be continued agitation for elimination of the uninsured motorist and suggested consideration of impoundment.

The safety responsibility law is not compulsory but extremely persuasive, he said, and 95% of New York motorists are insured. In August, 1952, a check revealed that in 54,065 accident reports, 51,704 were properly insured, or about 96%. Yet some contend there should be a guaranty of recovery in all cases and that the F. R. law lets some escape. Not much more than 95% can be persuaded to insure, he indicated.

Another alternative he discussed with-

out advocacy is an unsatisfied judgment fund. He noted that in Ontario insurers opposed it but that insurance increased under the program. Insurers opposed UJF in New Jersey but the law provides for their participation in its administration.

David McFalls, president of the association, emphasized that one of the keys to a solution of the auto situation centers in Mr. Macduff's bureau.

If the cost of insurance and operation continue to go up, essential motor transport may become prohibitive in price, Mr. Macduff commented. Ironically, the cause is rank carelessness, the hot rod irresponsibility of many drivers. True, today's traffic is replete with hazards that were of minor consideration 20 years ago, because of the rising concentration of vehicles at ever-increasing speeds. But accidents will increase in direct proportion to the number of cars on the road unless offsetting factors are set in motion, such as enforcement, greater respect for the law, uniform penalties for violations, driver education, reexamination of drivers, more adequate highways and elimination of dangerous intersections.

Convictions were at an all time high in 1952, he said.

### Iowans Ask Company Groups What They Are Doing to Solve "Auto Problem"

DES MOINES—The executive committee of the Iowa Assn. of Insurance Agents has adopted a resolution directed to National Bureau of Casualty Underwriters and Assn. of Casualty & Surety Companies, asking what is being done to help solve the "automobile problem."

The resolution pointed out that there "exists today a serious automobile insurance problem" and that the agents in Iowa are definitely concerned with the outcome of this problem.

The resolution then asked the National Bureau and the association to describe in writing for the Iowa association "the present and future plans aimed at the solution of this problem as regards public relations, rate-making, underwriting, safety and other pertinent factors affecting the problem."

R. G. Hinkle has been reelected president of Insurance Library Assn. of Boston, and the other officers were also reelected.



You may even  
get an Oscar

"Quiet on the set," screams Marvin the Movie Producer. "Is this my insurance agent?"

"Yes, sir," you answer, salaaming gracefully to the telephone receiver.

"Quiet!" yells Marvin. "I want to report a gigantic, super colossal crack in my car window."


"O.K.," you answer, eating humble pie, "go have it fixed and send Jane over with the bill."

And why not give him the name of a good Auto Glass Shop so he won't have to scout all over town for one. Also tell him to insist that they put in the same brand and quality of glass that's in the other windows.

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SAFETY  PLATE

## INDEPENDENT RESEARCH

## Ga. Agents Propose Auto Cover Study by Outside Group

Objective study by an independent research organization of present rating structures, underwriting procedures and marketing practices of automobile third party insurance has been called for by Georgia Assn. of Insurance Agents.

The request, directed to National Assn. of Insurance Agents and "selected company organizations," is based on a resolution adopted by the executive committee of the Georgia association, contending that excessive losses being suffered by insurance companies in underwriting automobile insurance "have seriously impaired automobile underwriting facilities to both agents and the public."

It is fundamental that a market for third party automobile insurance is necessary to comply with safety responsibility laws, and it is otherwise essential to the economic welfare of the public, the resolution continues. Also, the charge is made that the American agency system is best equipped to serve the public in providing such insurance.

The research organization approach to the problem is recommended, "because statutory and other practical circumstances prevent joint action by companies and agents in reaching a solution by any change in basic underwriting procedure."

Suggested by W. E. Harrington

The background leading to the action taken by the Georgia association was presented at a recent meeting of its executive committee by W. Eugene Harrington, Atlanta, past president of N.A.I.A. Among the facts and trends cited by Mr. Harrington, according to

Geo. DuR. Fairleigh, executive secretary of the association were: (1) Percentage restrictions in acceptance of business by companies, (2) class restrictions, (3) selective companies siphoning off good risks, (4) inability of stock companies to find market, (5) inroads of direct writing companies, (6) loss of business by agents on a competitive cost basis, (7) wide divergence of rates at same unit expense cost to companies and agents between territories, and (8) divergence of rates at same unit expense cost to companies and agents between classes.

## Associated Hikes Limits on Accident Cover, Broadens International Policy

Associated Aviation Underwriters has increased to \$50,000 the limits of its aviation accident coverage for both domestic and international policies. In addition, A.A.U. has broadened its international policy to provide roundtrip coverage at no increase in the premium.

The international flight policy covers on scheduled airlines flying roundtrip outside the United States, Canada, Mexico, Alaska, Hawaii, Bermuda and the West Indies.

The new limits for domestic policies are available in the policy vending machines at the various airports, while the international policies are available in vending machines at certain airports having machines covering international flights.

## Suggest 10/20 and 5 Limits Under Wisconsin FR Law

Doubling of the auto BI liability limits and increasing the PDL cover from \$1,000 to \$5,000 that are stipulated in the Wisconsin financial responsibility law is recommended by the legislative committee studying motor vehicle accident problems.

## Give Program for Claims Conference of Mutual Casualty Group Nov. 13-14

The program has been completed for the claims gathering of Conference of Mutual Casualty Companies at the Conrad Hilton Hotel, Chicago, Nov. 13-14. Frank A. Ellis of Farmers Mutual Liability of Indiana is chairman of the committee.

Rupert S. Morse, vice-president of Employers Reinsurance, will give a talk on the National Assn. of Compensation Claimants' Attorneys, and John F. Hynes, president of Employers Mutual Casualty, will be commentator on this. W. A. Hulst of Auto-Owners, will give a report of the arbitration committee. Wayne E. Stichter, Toledo attorney, will give a paper on "Pre-Trial Preparation"; Meredith Nelson of State Farm Mutual Automobile, on "The Value of Uniformity in Depreciation Schedules" and John D. Farnsworth, Farmers Mutual Automobile of Madison, on "Significant Factors in the Rising Cost of Auto Claims."

The next morning there will be a

panel discussion on auto claim matters including such questions as conflicting interest of insured in leased vehicle cases, limitation of use, radius endorsements, loading and unloading. Panelists are D. E. Rhodes of Citizens Mutual Automobile; Howard B. Lange, Jr., of M. F. A. Mutual of Columbia, Mo.; H. W. Reeder of Farm Bureau Mutual of Columbus. Dr. Charles N. Pease of Chicago will give a paper on "Low Back Claims," and Tom L. Yates, Chicago attorney, will give comments on "Demonstrative Evidence."

Then there will be a panel on general liability problems including products exposures, liability assumed by contract, employee exclusion, the panelists being A. N. Shapiro of Employers Mutual Casualty; Richard F. Browne of Equity Mutual and Herbert F. Holscher of State Automobile Mutual of Columbus.

## N. C. Bureaus Meet Nov. 13

Compensation Rating & Inspection Bureau of North Carolina, and North Carolina Automobile Rate Administrative Office assigned risk plan will hold their annual meetings at Raleigh Nov. 13.

## Travelers Exhibit Highly Successful



The officials of the Lloyds firm of C. T. Bowring & Co. of London visited the "America Goes to the Polls" exhibit at the Travelers head office while making a tour of Hartford companies. They are shown above with J. Doyle DeWitt, vice president and assistant to the president whose collection of presidential campaign memorabilia is on display. Left to right are: Mr. DeWitt, Leslie Curtis, assist-

ant director, S. H. Buckenham, director and J. E. B. Skimming, assistant director.

The exhibit has been seen by more than 11,500 since it opened Oct. 14. It is the most complete collection of presidential campaign memorabilia ever assembled. It comprises more than 10,000 souvenirs of every presidential campaign in American history.

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## FIDELITY AND SURETY

### Mortgage Bankers Form Is Weighed

The American companies are presently giving consideration to the idea of giving out a bond for mortgage bankers along the lines of the one that was outlined at the recent M.B.A. convention at Chicago by Leslie Cook of Chicago on behalf of London Lloyds. The main feature is providing errors and omissions cover in respect of fire insurance transactions of the insured along with the dishonesty coverage, etc. Inasmuch as this is a kind of insurance customarily provided by fire insurance companies, the surety people want to be sure that they do not make a move that will conflict with sound procedure in the fire insurance business or constitute an invasion of the fire insurance domain. Also they feel that if this is provided for what are essentially real estate insurance men, it will be demanded by savings and loan associations and banks, and other concerns doing an insurance agency business.

Also, the surety people want to know to what extent errors and omissions insurance is desired by this type of risk. They opine that, perhaps most such agents already have it, either in an official way or by way of an understanding with their fire insurance companies that they won't be held to strict accountability for failure to provide coverage. Some wonder, if errors and omissions were provided by the surety companies, whether the fire insurance companies might be more vigilant in seeking to make recoveries.

### May Revise Mail Carrying Contracts to Lessen the Risk for the Surety

WASHINGTON — Because surety companies are reluctant to write bonds for contractors operating buses or trucks carrying the mails on the highways between central postoffices and outlying areas, or otherwise, Postoffice Department officials are working on a rewording of such mail carrying contracts, with a view to satisfying the surety companies.

Reluctance of the latter is attributed in official circles to the companies' interpretation that under the present contract they might be held liable for performance of the contract. This possibility would be eliminated under the proposed contract amendment.

The Postoffice Department's contract is for four years and requires bond on a graduated scale. On a job estimated to cost \$50,000 a year, \$30,000 bond is required, which can be given by a surety company, or by two or more private individuals who offer real estate valued at double the bond amount.

However, in practice, it is understood that surety companies generally will not write bonds for these highway mail transport contractors, although there are said to be some exceptions among the companies.

Drivers of mail vehicles involved are liable for damage to the vehicles, also bodily injury and property damage where the loss is due to negligence on their part.

No legislation is pending here to provide government insurance or bonding for these drivers or contractors. All legislation died with the last Congress and industry representatives know of none along this line likely to be proposed in the new Congress coming in January. Legislation proposing government bonding of government employees considered last Congress but not passed did not apply to the mail contractors.

They are not government employees such as would have been covered by

the proposed government bonding system. Postal officials point out that government employees are covered by workmen's compensation. Government-owned vehicles are said to be self-insured.

Although industry representatives have heard postal officials suggest that if the surety companies will not write bonds for highway mail contractors there may be legislation to start a government bonding fund to cover them, a spokesman for the Postoffice Department transportation branch expressed doubt that the government would undertake such a project.

### Producers Uphold Right of Contractor to Name Surety

At the midyear meeting of the executive committee of National Assn. of Surety Bond Producers, a resolution was adopted disapproving designation of a surety company or an agent by an owner and upholding the traditional right of the general contractor to secure his surety bonds for the performance of his work from the reputable company or agent of his own choosing.

The bond producers also adopted a resolution commending Edward R. Higgins, engineer of Surety Assn. of America, for his address at the Centennial of Engineering of American Society of Civil Engineers at Chicago on "Contract Bonds and the Construction Fraternity."

### Bowersox Heads Chicago Slate

William A. Bowersox, Fidelity & Deposit, heads the slate of the nominating committee of Surety Underwriters Assn. of Chicago, that will be voted upon at the Nov. 13 meeting. Other nominees are: For vice-president, Arthur F. Evans, W. A. Alexander & Co.; secretary, John Hirschmann, Aetna Casualty, and treasurer, L. Beckway, Maryland Casualty.

### Johnson Presents the Names

Joseph I. Johnson, Aetna Casualty, was chairman of the nominating committee and presented the slate at the October meeting. Robert S. Goldkamp, Massachusetts Bonding, presided as president.

Other members of Mr. Johnson's committee are A. A. Korte, Fidelity &

Casualty, and Edmond J. Moroney, U.S.F.&G.

The committee recommended for members of the executive committee Mr. Goldkamp, retiring president, and David T. Harper, U.S.F.&G.; Ward H. Hilton, Hartford Accident; L. U. LeMessurier, Employers Liability; P. J. Lynch, Standard Accident; Edmond Madden, Maryland Casualty, and Robert F. Munsell, Columbia Casualty.

### Many N. Y. Surety Speakers

The speakers bureau of Surety Managers Assn. of the City of New York is becoming especially active. William Drew, Brooklyn manager of Fidelity & Deposit, opened the season with an address before the Highland Park Kiwanis Club, Brooklyn, on fidelity bonds as protective measures against embezzlement losses. Harry D. Schmides, American Surety, was speaker to Marine Trades Assn., New York City; Tracy A. Clute, Globe Indemnity, Oyster Bay (L. I.) Rotary, and Peter A. Zimmerman, Surety Assn. of America, Kiwanis Club of Levittown, N. Y.

William R. Ermanntraut, American Surety, has been named chairman of the nominating committee which will report at the November meeting, with elections scheduled for December.

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## ACCIDENT AND HEALTH

### WSB Allows More Medical Expense in Welfare Plans

WASHINGTON—Salary stabilization board has released an amendment to its general regulation 8, revised, which provides that health and welfare plans authorized under the regulation may provide for medical expense benefits regardless of whether the expense was incurred in connection with hospitalization or otherwise.

The board announced that, as a result of experience, it appears possible to widen the scope of benefits contained in a health and welfare plan "which an employer may put into effect on a self-administering basis" in accordance with the regulation. The amendment consists of striking out the words "in-hospital" preceding the words "medical expense," in the introductory paragraph of section 1 of the regulation.

### T. W. Jackson in New Post

Prudence Life of Chicago is opening an agency at Richmond, Va., with T. Walker Jackson as state manager.

Mr. Jackson for several years was

with the Georgia department as chief deputy. He formerly was general manager of United National of Georgia and also vice-president of Southern Life of Georgia.

### Describes Types of Salesmen

Harry Anderson, home office A. & H. supervisor of Occidental Life, speaking at the October meeting of Los Angeles A. & H. Underwriters Assn., described three classes of salesmen — routine agents, who comprise 85% of the total; the analytical type, comprising 10% and the creative salesmen, comprising 5%. He advised the agents to stick to any technique they find to be workable for them, stressing that frame of mind is most important.

He also urged the salesmen to give a full explanation of the policy at the time of sale in order to reduce claims problems. The explanation should be simple, he added, not in the technical language of the policy. In the same way, he said that the stress should be on the sale of the idea of insurance, not the terms of a particular policy.

William E. Lebbey, Massachusetts In-

demnity, outlined the program for the coming A. & H. sales congress, noting that the theme is "Sales."

### Wyo. License Hearing Held

Hearing on the license revocation action involving Sterling Ins. Co. in Wyoming has been continued until the second week of November. At the opening of the hearing, which was called by Commissioner Taft, information was presented on the qualifications of Sam C. Parker of Denver, who has applied for non-resident license in Wyoming to represent Sterling, and on Leeman G. Oler of Rawlins, Wyo., who has been representative of Sterling.

The insurance department alleges that Sterling has been guilty of four violations of business practices.

Attorney George Guy and Lloyd Cowden of Cheyenne are representing Parker and Oler. The state is represented by Attorney General Harnsberger, assisted by Byron Hirst. Sam C. Parker is president of Sterling-Colorado Agency, Inc., and is state manager for Colorado, Wyoming and Montana for Sterling.

### Reorganize Ohio Locals

A new Tri-County Assn. of A. & H. underwriters has been set up in Ohio, replacing the old Canton and Akron associations, which have been dormant for about two years. The new group includes A. & H. men in Stark, Summit and Portage counties.

W. A. Knight, Federal Life & Casualty, Cleveland, president of the Ohio association, and W. S. Steiger, Massachusetts Indemnity, Cleveland, second vice-president, were on hand at the organization meeting. The officers of the new association are: President, Griff Everett, Akron; vice-president, Howard Coron, Mutual Benefit H. & A., Canton, and secretary-treasurer, Stanley Akers, Loyal Protective Life, Akron.

### Brooklyn Officers Installed

Brooklyn Assn. of A. & H. Underwriters this week installed new officers, Harry M. Schecter of LeVine & Schecter, being the new president succeeding George J. Mutari. Joseph P. LoTruglio, Union Mutual Life, is first vice-president; Peter A. Kovell, U. S. Life, second vice-president; Blaise Cascio, Equitable Society, third vice-president. John J. Kelly is treasurer; G. Robert Gunnerson is financial secretary, and Ralph Caputo is secretary.

## CHANGES

### W. J. Donovan Takes Post With Vernon Companies

W. J. Donovan has joined Vernon General and Vernon Casualty of Indianapolis as superintendent of agencies and production. He has been with Manufacturers & Merchants Indemnity for the past several years, and before that was with Royal and Eagle Indemnity at Chicago and in Michigan. He has also had experience with Travelers and Commercial Casualty. The Vernon companies operate in Indiana, Kentucky and Illinois.

Mr. Donovan, who was for eight years with Manufacturers & Merchants Indemnity, at the time of his resignation was sales manager. Prior to that he had been with Royal and Eagle Indemnity 14 years. He served at Chicago and was later manager at Grand Rapids, Mich. He started with Travelers at Pittsburgh and then he was assistant manager there for Commercial Casualty and later was Cleveland manager for that company.

### Employers Advances Two

The Employers group has appointed Thomas G. Parris, formerly superintendent of the Pittsburgh claim department, assistant superintendent of the Middle claim department at Philadelphia. Raymond H. Allison, formerly assistant superintendent of claims at Baltimore, succeeds him at Pittsburgh.

### Hardware Mutuals' Shifts

S. G. Peterson, manager at Milwaukee of Hardware Mutuals of Stevens Point, will become manager of the central east district with headquarters at Cincinnati, after a training period at the home office. James P. Jacobs, general cost control manager at the home office, will become Milwaukee manager.

### Barr Retires After 38 Years

Raymond C. Barr has retired as district safety director at San Francisco for Lumbermens Mutual Casualty and other companies in the Kemper group, after 38 years in the safety engineering field, 25 of them with the Kemper organization.

He joined the Kemper organization at Chicago in 1927 and four years later was transferred to San Francisco as district safety director. He is succeeded by Richard P. Hill.

### Zurich Film Award



Zurich was awarded a bronze plaque by the National Committee on Films for Safety "for producing the best sound-slide film in the field of traffic safety in 1951." Robert D. Hodson (left), assistant U. S. manager for Zurich, received the plaque from John B. McCullough, national committee chairman, at the National Safety Congress at Chicago. The film, "Pattern for Tragedy," shows how bad driving habits form a pattern which will lead to an accident.

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# NATIONAL MUTUAL

INSURANCE COMPANY

*Celina, Ohio*

Strictly an Agency Company

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CTION THAT BRINGS SATISFACTION

**A Progressive Company for Aggressive Agents**

**FIRE; INLAND MARINE  
ALLIED LINES**

**AFFILIATED WITH**  
The  
**CELINA MUTUAL  
CASUALTY COMPANY**  
Celina, Ohio  
Automobile and  
Casualty Lines

**Selling Tools for Any  
Selling Task**

With sound Protection  
at a  
Savings to Policyholders



# STELLWAGEN TELLS REMEDIES

## Gas Company Catastrophe Risk Goes Begging

Gas companies in the U. S. are up against a fading market for catastrophe liability loss covers and to solve their placing problems they must accept the inevitable increase in rates, accept policies with higher deductibles and help reduce the number and severity of accidents. This was the message given by H. P. Stellwagen, executive vice-president of Indemnity of North America, who addressed the convention of American Gas Assn. at Atlantic City.

During the past year certain American casualty companies that provided excess covers for gas risks have ceased writing it. Many of the gas companies have been compelled to go to foreign markets. The constriction of the market is due to bad experience, he said. About five years ago there began to occur in different parts of the country some serious gas explosions and the frequency of these began to build up in 1950 and 51. As a result of these losses, the profits of the previous decade were wiped out for the insurance companies and a heavy deficit was established.

## Seek to Put Mass. Auto Cover on Driver, Not Car

BOSTON—With an increase in compulsory automobile insurance rates apparently inevitable, legislators are seeking new ways to get around the present zone system. Latest plan, sponsored by two Cambridge Democrats, Reps. Good and Sullivan, calls for insurance on the driver's license, rather than on the motor vehicle.

They have filed a proposal to have a 9-man commission study the feasibility of instituting the license insurance. The commission, which would report by December, 1953, would consist of two senators, two representatives, two insurers representatives and two agents, all four named by the governor and the registrar of motor vehicles.

Already filed, also for consideration at the 1953 session, are several bills calling for merit rating. One is sponsored by Rep. Canavan (D. Revere), long-time proponent of flat rate automobile insurance, whose referendum on the question two years ago cost the insurance companies a reported \$500,000 in expenses.

The legislature rejected the flat-rate proposal again at the last session, despite the fact that several cities, notably Worcester and Springfield, had their rates substantially increased.

Newest development is the fact that several casualty companies are refusing to write compulsory insurance in Worcester county, Chelsea, and several other cities.

## Milwaukee Surety Slate

Surety Underwriters Assn. of Milwaukee will elect these officers at the annual meeting Nov. 6: President, Thomas Roberts, American Surety; vice-president, Arthur G. Angove, Employers Liability; secretary-treasurer, Paul Wolgram, Standard Accident.

## New Miami A. & H. Officers

Greater Miami Assn. of A. & H. Underwriters has been reorganized. Philip F. Clarke, Jr., Connecticut General Life, is the new president. Other officers are: First vice-president, John Lanning, Bankers Life & Casualty; second vice-president, Martin Grossman, Educators Mutual; secretary-treasurer, Lynn S. Haynes, Occidental Life.

## Demand Corporate Bonds

CLEVELAND, TENN.—With two of its former officials charged with being short more than \$300,000, Bradley county court has announced that four present officials will have to secure corporate bonds totalling about \$100,000, replacing personal bonds which the county judge has declared illegal be-

cause one county official had signed other officials' bonds. None of the alleged shortage, which the grand jury is now investigating, is covered by a corporate bond.

## N. Y. Official Suggests UJF as Substitute for Compulsory

An unsatisfied judgment fund as an alternative to compulsory automobile insurance was suggested by Victor F. Veness, New York deputy state commissioner of motor vehicles, in an address to 300 agents attending a regional meeting of New York State Assn. of Insurance Agents at Buffalo. The UJF type of legislation has worked satisfactorily in North Dakota, the province of Ontario and in New Jersey, he said. Estimating that about 90% of New York motorists are insured, principally because of the financial responsibility law, Mr. Veness commented that to those who say that compulsory insurance is the only way to close the gap to 100%, "we must reply that this is not true."

At the evening session, Dr. E. W. Meuhl, associate professor of public speaking at Yale, said that 9 insurance agents out of 10 talk in a language only they can understand, and often they lose customers because of their inability to get down to earth.

Walter F. Brooks, the New York

deputy superintendent, talked about the operations of unauthorized insurance companies in the state, saying that about \$2½ million in premiums were handled last year by companies not meeting the state requirements. About 75% of this business went to London Lloyds, he said.

## Allstate Preferred Risk Rating Plan OK'd in N. Y.

The preferred risk rating plan of Allstate has been approved by the New York department. Though basically similar to the plan of National Bureau of Casualty Underwriters and Mutual Rating Bureau, in that it imposes the 10 and 20% penalties, it uses a 12 month period of experience instead of 18, and provides four instead of six months from end of experience period to the crediting point.

If insured by another company, the applicant under Allstate's plan must furnish a statement from the previous insurer that no loss has been paid or loss reserve held, to get the preferred rate. If applicant has been uninsured, he must personally sign a statement that he has not had to make loss payment, put up financial security deposit nor has a civil suit pending.

The plan is not applicable to risks Allstate takes through assignment. The

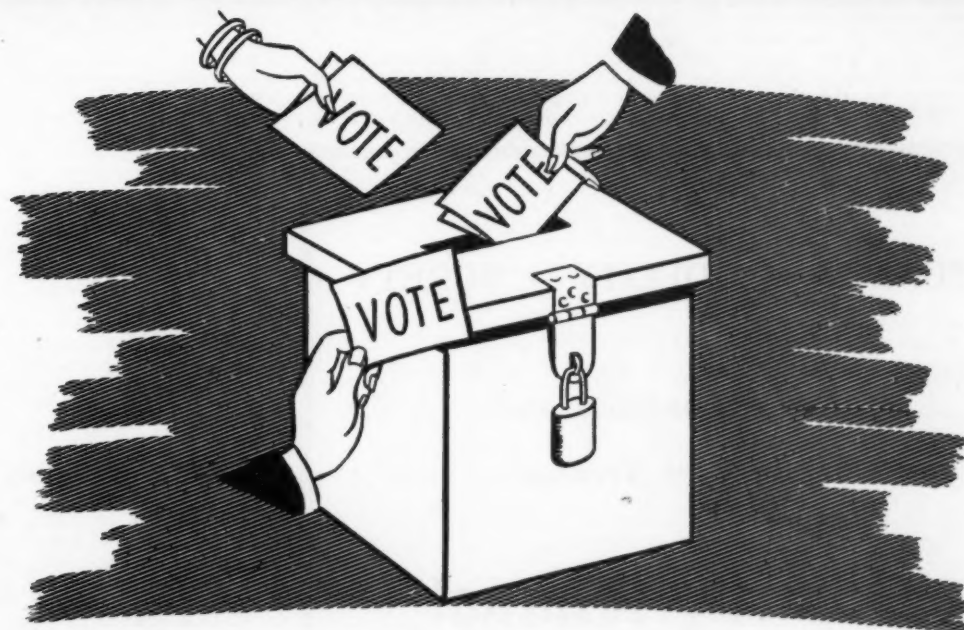
## Ill. Insurers in Contest to Get Out the Vote

Combined Ins. Co. of Chicago and Washington National of Evanston are engaging in a contest to determine which company will have the largest percentage of eligible voter employees voting on Nov. 4. R. J. Wetterlund, president of Washington National, after a conference with W. Clement Stone, president of Combined, agreed that as a penalty for losing the president of the losing company would address the employees of the winning company. In addition, the winning company will be presented an engraved plaque.

All employees are being approached before the election to determine their eligibility and will again be approached after the election to determine whether they voted. It will then be determined what percentage of eligible voters who are full time employees voted on Nov. 4.

company's definition of an accident for its insured is if it resulted in payment of a claim, which is different from the National Bureau definition.

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CHATTANOOGA  
1887... 65th Year... 1952

# Shifts

Milwaukee  
Evans Point,  
central east  
Cincinnati,  
home office.  
lost control  
e, will be-

# Years

ired as dis-  
a Francisco  
casualty and  
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engineering  
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organization  
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## Mass. Insurers Tell Plight to Public

(CONTINUED FROM PAGE 23)

risks in relation to their auto premium volume; if a company files notice of intent not to renew insurance on 10 cars, it has to accept 11 cars by assignment. With many of the insurers that write a comparatively small volume threatening to pull out of the state on automobile altogether, presumably the assigned risk plan would inherit all of the cars they have been writing, quite a number in the aggregate, since absolutely no insurer is increasing its commitments.

All hinges on the rates the commissioner will approve. After last year's allowance insurers are pessimistic. That the commissioner doesn't announce the rates earlier in the fall serves to increase the tension and deep perturbation of the business and motorists. The law says he is to announce the rates by Sept. 15 but the language is such that the supreme court ruled it is directional and not mandatory, so he can wait till Dec. 31 midnight if he wants to. He is not expected to do anything this year until after the election.

### Decision Disappointing

The business was bitterly disappointed at the supreme court decision on this year's rates. Companies hoped at least that the court would provide a basis for some hope in the future, even if it considered it impractical to grant relief on the rates already charged for 1952. The decision held little, if anything, that would impel Commissioner Sullivan to be any more realistic about the companies' needs.

Yet it is clear the insurers cannot go on indefinitely paying out for the benefit of Massachusetts motorists dollars collected from other insured in that state and other states. In the background, of course, is the threat of a state fund. It is considered doubtful

that taking over full responsibility for the compulsory automobile business would appeal to the present administration in Massachusetts. Politically, it is said, it is better to have insurance companies to blame for rising rates.

It is astonishing, of course, the variety of commission arrangements in effect on compulsory auto throughout the state. These vary from day to day and from agency to agency. There is not at all what might be called a stabilized situation. Nothing quite like it exists anywhere except here, and on this business.

### At Mercy of Circumstances

It points up the fact that under state rate making, agents are at the mercy of circumstances as respects their livelihood. Insurers are feeling the hot water and have been very patient considering the amount of money they have lost, but they can escape by pulling out. The agent can't do this. In a sense, he has the most at stake, and this would be true anywhere the law was similar.

There is, periodically, talk of efforts to revise the law, to put rate making back with the companies, make some other changes. None admits knowing whether this is possible, though many say that the compulsory feature would not be repealed.

The agents demonstrated their political power in the flat rate fight, and unquestionably they could do a lot more in connection with the law and the rates as presently made if there were direction and organization at the right time. Their political power remains largely untried.

One problem is the political composition in the state. There are no political organizations by community that wield any real influence with the voters,

at least consistently, year in and year out. Those elected to the legislature get there largely as a result of the personal followings they develop. In the legislature every bill must be acted on, it cannot be pocketed in committee. The result is long sessions and possible passage of bills that are bad even in the light of their sponsor's intentions.

Whatever the causes or cures, the way it is presently done in the state seems a hell of a way to run a business.

## COMPENSATION

### State C. of C. Sets Off W.C. Storm in Oklahoma

New trouble is brewing on the Oklahoma compensation front as the Oklahoma State Chamber of Commerce has released a study which in the opinion of chamber officials proves that high compensation rates are keeping new industry out of Oklahoma.

Governor Murray got into the act with the announcement that an unnamed committee was studying compensation rates in Oklahoma to find out what the trouble is.

Next came Foster Boggs, Tulsa, vice-president of Oklahoma Assn. of Insurance Agents, who defended the fairness of rates in Oklahoma, stating that there is "really nothing startling about the situation since it has been an accepted fact and a matter of common knowledge to Oklahoma employers for many years."

Efforts to uncover the names of the governor's special committee proved unsuccessful. Insurance circles in Oklahoma were aroused because they have rarely been given an opportunity to be heard when the compensation rates have been studied by groups other than the state insurance board.

Indications are that there is more to come on this controversy as the January legislative session draws near.

Heretofore legislators and other interested groups have failed to recognize that compensation benefits, indemnity costs, medical costs and accident frequency are the factors which determine rates. These important factors are always left out when rates in different states are compared.

Agents and company people are determined to air their side, because unfavorable publicity placing the blame for high rates on the companies is beginning to be felt at the community level.

### Mine "Comp" Parley in Ky.

Commissioner Southall of Kentucky, in the interest of companies writing workmen's compensation on coal mines, has arranged a conference at Frankfort Oct. 30-31 to be attended by John P. Mallett of the insurance department; A. D. Sisk, chief of the state department of mines and minerals; W. H. Roll, assistant to Mr. Sisk, and representatives of insurers writing that class of business.

## ASSOCIATIONS

### Hoosier Claim Men Gather

Indiana Assn. of Surety Claims Men has been organized and at a luncheon meeting Monday, the officers were installed. President is E. W. Wilson of American Surety; vice-president is Stewart Gordon of Fidelity & Deposit, and secretary is F. W. Krauser of St. Paul-Mercury Indemnity.

### Claim Men Hear Maloney

Commissioner John R. Maloney of California addressed the October meeting of Casualty Claims Managers Forum of Los Angeles, stating that in the 12 months ending July 31, the department handled 3,200 claim disputes of which

about 30% were disposed of without payment.

He read a letter from a Los Angeles attorney in which there was considerable criticism of the company claims handling procedure. Mr. Maloney commented: "I submit that playing games with third party claimants and engaging in the practice of bargaining to 'buy' claims as cheaply as possible instead of attempting to effect a fair and prompt settlement, hardly fits within the requirement of carrying out contracts in good faith and not forcing claimants to accept less as an alternative to litigation."

### Ponder Burglary, Glass Claims

Burglary & Glass Insurance Assn. of New York is holding a late afternoon meeting Friday to appoint a nominating committee and to hear talks by Ralph McCallum, assistant manager of the claim bureau of Assn. of Casualty & Surety Companies, on "Burglary Claims" and Col. Cecil Boycott, Metropolitan Casualty, on "Plate Glass Claims."

Wichita Assn. of Insurance Women had as speaker Norvall Neve, athletic director of Wichita University. He showed movies of a recent W. U. football game and answered football questions.

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## Fight to Retain W.C. Expense Subsidy

(CONTINUED FROM PAGE 23)

since the enactment of the law, we feel that it is high time that a serious mistake be rectified.

"We recommend that Ohio employes, employers and the general public receive the benefit of competition and that the various types of insurance carriers, which the report repeatedly indicates are doing a better job than the state fund, be permitted to operate in this state."

Mr. Berkeley quotes from the committee report:

"Evidence has established that private employers and casualty companies have more effective accident prevention and hygiene programs than the program conducted by the division of safety and hygiene. A reorganization of the safety and hygiene division patterned after these other programs is indicated."

On this, Mr. Berkeley asserts that these companies that presently give more effective service should be permitted to operate in the state rather than to hope for improvement in the fund—improvement which has failed to manifest itself for 40 years.

### Fatality Record Egregious

There was evidence before the committee that in 1913 the number of industrial fatalities for 100,000 workers in Massachusetts was 44.5. In 1950 the corresponding number was 12.1, marking a decline of 73%. In Ohio the death rate for 1947 was 34.5 per 100,000 workmen, more than double the rate for Massachusetts, New York and Illinois. The statistical report of the Ohio industrial commission for the year 1947 starts off by saying: "During the decade represented by the period 1939-47, Ohio employes filed 2,564,894 claims with the industrial commission. This means that in these ten years there has been more than one injury for every person gainfully employed in the state."

The report states that 57 days, on the average, elapse from the date of injury and the date the commission receives the present application form; it takes six to 10 more working days, even in a plain, uncontested case, after receipt of the form before the check is mailed. Thus it takes 65 days or more, on an average, before a claimant receives his first check. "That is a long time to wait," Mr. Berkeley observes.

As a contrast in Wisconsin where there is no state fund nearly 87% of the claims are paid within 15 days of the injury and in Massachusetts the average is about 15 days.

### Ohio Is Laggard

"The study has established beyond dispute that Ohio's action in the original allowance of a claim and in the subsequent allowance of further compensation is substantially slower than that in other states and that of private insurance carriers," the report states and to which Mr. Berkeley remarks:

"Should we merely hope for improvement in the future, or should we let those who do a better job operate immediately?"

Ohio has what is probably the most cumbersome and complicated claims administration system of any state, and while it may be argued that the fund is not responsible for the complicated procedure under which it operates, it would be more accurate to say that without the spur of competition it has not had the incentive to obtain improvement in its procedure in 40 years. Only the competitive system compels the search for new and improved claim procedures.

Insurance companies think of rehabilitation as an integral part of their services, since often that may be the only way to prevent permanent disability and they are working closely with state officials in many jurisdictions.

Several insurance companies maintain or support rehabilitation centers, with large expenditures on personnel and equipment. Though beneficent in intent

and effect, the establishment has drawn its driving force from the power of free competitive institutions, directed to the accomplishment of a social purpose. Private industry has made startling pioneering developments and is continuing in the search for ways and means to rehabilitate injured workers to make them productive members of our society.

Ohio is just now recognizing the importance of rehabilitation in the industrial scheme. The tentative report's recommendations in regard to rehabilitation only point up the need for an effective rehabilitation program in Ohio.

Rehabilitation development in the field of private enterprise in advance of all accomplishments of state fund systems bespeaks the need of the private enterprise system in Ohio—this is the economic solution—this is the humanitarian solution.

The 1947 report of the actuarial audit to the industrial commission of Ohio, the last one submitted, states: "In general the method of establishing rates and merit rating values, of keeping experience records, the periods used in establishing reserves and rates is not in keeping with the most modern statistical and actuarial practice."

The development of the rate making system under National Council on Compensation Insurance has been the result of years of study and the application of the best minds in business and state government to formulate a system that would produce adequate, non-excessive and not unfairly discriminatory rates. These standards are practically universal in all but the monopolistic states and are established by law.

### Checks and Balances Missing

In Ohio the makers of the rate and the judges of the propriety of such rate are one and the same. Such a system does not provide for proper checks and balances. The record indicates that many employers are paying an unfair share of the load while others are not paying a fair share.

The report itself states "the testimony was unanimous and uncontradicted that the present merit rating system now used by the commission is most unsatisfactory, crude and plainly inequitable." Employers should be given the right to insure with carriers whose rating practices and procedures meet the highest standards attainable and which insure a fair and equitable rate to the assured, according to the Berkeley statement.

The principal argument of the proponents of the monopolistic system is that a larger percentage of the premium dollar is returned in the form of benefits to employes, but Mr. Berkeley said they fail to indicate the hidden costs of state insurance. In Ohio the taxpayers are called upon to pay \$5 million biennially to the support of the state fund. This is in addition to those tax funds which are used to pay for a large staff from the attorney general's office whose duty it is to defend all compensation claims, and in addition to the cost of administration provided by the financial administration of the treasurer's office. To this sum should be added the cost of office space and maintenance. Then there is the large share of cost borne by the employers who are called upon to perform tasks which under the competitive form would be performed by insurers.

### Loss Prevention Is Weak

In Ohio the fund does not provide adequate loss prevention service, so many employers hire special safety consultants. There has developed in Ohio a large number of service groups whose sole purpose is to provide the service which would ordinarily be provided by the insurers. The cost to the employers for these services has been roughly estimated at 5 to 25% of the premium paid by the employer to the fund.

Also the state fund is not taxed

whereas carriers doing the same business are required to pay 2% on their premiums. The insurance industry should be given the opportunity to compete on an equal basis with the state fund and to demonstrate its ability to render efficient and comprehensive service at a minimum cost.

A most objectionable feature is that the commission has three inconsistent functions—as a semi-judicial body, an administrative body, and an insurance carrier. It is defendant, judge and jury. The system likewise encourages the adjudication of claims as an implementation of administrative policy.

This weakness is acknowledged in the report which recommends the segregation of insurance administration from the quasi-judicial function. "The best check and control over the operation of the fund would be the competitive activity of private insurance carriers competing on an equal basis for the business," Mr. Berkeley said.

### Standard for Judging Efficiency

It was stated by Earle Lashmet in his appearance before the committee that: "It is highly unlikely that any system of state-directed compensation can approach the overall results which our system of competitive protection has produced. Progress in this field requires two things which government inherently lacks: flexibility and that standard for judging efficiency which competition alone can provide." The truth of that

statement is nowhere more evident than in the operation of the monopolistic fund in Ohio.

On the recommendation that administration expenses should be paid out of general revenue, the report has stated that the fund constitutes one of the largest insurance businesses in the state of Ohio. This big business, Mr. Berkeley said, should not be subsidized out of the public treasury. "The state should no more subsidize and operate workmen's compensation insurance than it should subsidize and operate the steel or rubber industry. Rather than to receive tax revenue from this business as other states do, it has been a drain on the public treasury. . . . It has, moreover, served to distort and disguise the true cost of workmen's compensation insurance in this state. A number of the funds in other states meet their own operating costs."

There were only three insurance representatives on the 39-man committee. The nine industry members are mainly self insurers.

### Advertising Movie Shown

Wichita Assn. of Insurance Agents viewed a movie on radio advertising, "More than Meets the Eye." Joe Moddrell, fire prevention committee chairman, displayed the Frank T. Priest and Cheney Prouty cups won at the Kansas convention.

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# INSURANCE NEWS BY SECTIONS

## COAST

### Inglis Warns C. of C. Group of Menace of Compulsory

At a meeting at Los Angeles of the industrial insurance committee of the southern California council of California State Chamber of Commerce, Ralph L. Inglis, president of Founders, spoke on "Compulsory Automobile Insurance Legislation." He was outspoken in his opposition. He said there undoubtedly may be some legislation proposed at the coming session of the legislature and warned against its passage. He pointed out that it failed in Massachusetts, that the situation there is growing worse, with people buying only the coverage that is compulsory. He declared that the cost of automobile insurance is not too high considering the cost of today's automobiles.

J. T. Parret, insurance manager of Carnation Co., said inflation has resulted in tightening up the casualty market, and that it is difficult to place certain lines of business because of that fact.

C. A. Herbage, deputy director of the state department of employment, spoke on unemployment insurance.

### Quiz Session at Everett

A true and false quiz from the new publication, "General Insurance in Washington," was conducted by Alvin Petershagen and Robert Mony at a luncheon meeting of Snohomish County Assn. of Insurance Agents, Everett, Wash. This was the second program of its kind and others are to be conducted in the future.

Plans were made for the Nov. 20 evening meeting at Everett sponsored by Washington Fire Underwriters Assn.

### Big Orange Plant Loss

Fullerton Mutual Orange Assn. packing house at Fullerton, Cal., was destroyed by fire with loss of \$350,000. Friction from motor belt was given as the cause.

### Lucas Seattle Claim Chief

Lee C. Lucas has been advanced to claims manager at Seattle for the Loyalty group. He formerly was with the group at Portland, Ore.

### Wash. Lumber Loss Settled

Peshastin (Wash.) Lumber & Box Co. loss of Nov. 6, 1951, has been settled for \$260,880. The companies had denied liability, contending that a night watchman at the main plant had failed to turn on the sprinkler system before the fire. Insured brought several suits, some in superior court and others in federal court, claiming \$401,334.

The loss aroused considerable interest as it would have resulted in a legal test of the sprinkler warranty cause. Clarke, Clarke & Albertson, Seattle attorneys, represented the companies in the settlement.

### P.R. Aspect of Adjustments

The public relations aspects of loss adjustments were discussed by Phil Simpkins of General Adjustment Bureau at the October meeting of Spokane (Wash.) Insurance Assn.

He suggested that agents should talk personally to the adjuster handling the loss when contacting the bureau. It is the adjuster's duty, he pointed out, to handle each claim in a manner that would build good public relations for insurance.

Mr. Simpkins explained adjustment procedure involving older dwellings substantially damaged where consideration

has to be given to depreciation. He also talked on problems of adjusting cigarette damage claims.

### Wells Coast General Agent

Underwriters Salvage Co. of New York has appointed George J. Wells general agent in its Pacific Coast department. He has been with the company 28 years and has had wide experience in handling cotton, grain, general merchandise and other losses.

Mr. Wells has been a division manager at San Francisco. W. O. Cooper, whom he succeeds, has been confined because of illness for the past year.

## MIDDLE WEST

### Poll Legislative Candidates on Minn. Agents Program

MINNEAPOLIS — Candidates for the legislature in Minnesota at the Nov. 4 election are being solicited by local agents to pledge support to the legislative program of Minnesota Assn. of Insurance Agents. All local and regional associations have been supplied with a list of the measures which the state association approves or opposes. Among the measures favored are:

Increased appropriations for the insurance and fire marshal's departments.

Insurance department supervision and regulatory jurisdiction over fraternal, hospitalization plans and reciprocals.

Legislation preventing the sale or manufacture of highly inflammable knitted goods made from brushed nylon or similar material.

State-owned automobile inspection stations for compulsory safety inspection of all motor vehicles semi-annually.

The legislative committee of the association agreed that if compulsory automobile insurance legislation is proposed the association should have a plan to combat and defeat it.

R. A. Thompson, vice-president of Wirt Wilson & Co., Minneapolis, is chairman of the legislative committee.

### Zendzian Becomes Owner of Weil Agency, Milwaukee

MILWAUKEE — Matthew P. Zendzian, for the past four years associated with the Benjamin M. Weil Co. agency, has become owner of the agency. Last June he was made president when Mr. Weil, who died Sept. 22 went into semi-retirement because of his health. The agency dates back to 1873.

In the insurance business for 24 years, Mr. Zendzian was with Fireman's Fund as special agent and later as superintendent of the marine department. Previously he had been with Springfield F. & M. in the Chicago marine department.

### Hear Hancock Group Man

In view of the prospect that compulsory disability insurance bills will be introduced in the coming legislature, Insurance Buyers Assn. of Minnesota invited Charles Kreiser, manager group department of John Hancock Mutual Life at Minneapolis, to discuss the subject at its Oct. 28 meeting. Mr. Kreiser explained problems of satisfactory underwriting and administering a group plan, the elements that go to make up the cost, what can be expected in the way of claims experience and the criteria a buyer should use in evaluating competitive proposals or plans.

Fred A. Gould, Arkansas City, who was the second president of Kansas Assn. of Insurance Agents, has gone to the Mayo Clinic, expecting to undergo surgery for a throat ailment. Mrs. Gould accompanied him.

## IN THE SOUTHERN STATES

### Program for Ky. Agents

### Annual Meeting Announced

LOUISVILLE—Kentucky Assn. of Insurance Agents will hold its annual meeting here Nov. 10-11. A dinner for directors and past presidents will be held Sunday night, Nov. 9.

Speakers will include Walter H. Bennett, retired general counsel of N.A.I.A., on "Maintenance of Vigilance;" Commissioner Southall of Kentucky on "Our Common Problems;" Curtis Tarter, state agent of Home and president of the Kentucky Fire Underwriters Assn., on "Catastrophe Loss Adjustment Procedure;" and J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, "Make Them Live Longer."

John Wharton, Crum & Forster, Lexington, will again be moderator at a panel discussion, in which H. W. Robertson, Hanover, will speak for fire and allied lines; Willard M. Brown, Glens Falls manager at Louisville, casualty and surety; Ben Horton on loss adjustments and P. W. Jerome, superintendent marine department Aetna Fire, Chicago, on that field.

James C. O'Connor, editor of F. C. & S. Bulletins of the National Underwriter Co., will discuss "Trends in Fire & Casualty Insurance."

At the banquet Monday evening the new officers will be installed and the Cherokee cup award will be made.

### Oklahoma Mutual Agents Elect Johnson President

Oklahoma Assn. of Mutual Insurance Agents held its annual meeting at Oklahoma City with a record attendance of more than 100 agents, aside from wives and company men.

Emphasis was on selling. Featured speakers were H. E. Hudelson, superintendent of agencies of Mill Owners Mutual of Iowa, on "Business Interruption Insurance;" W. H. Rodda, manager Transportation Insurance Rating Bureau, Chicago, "Inland Marine Opportunities;" and M. L. Landis, general counsel of Central Mutual. The film, "The Better Story," was shown.

New officers elected are: President, E. C. Johnson, Oklahoma City; vice-president, Chas. Goodwin, Anadarko; secretary-treasurer, Henry Auer, Lawton; executive secretary, Burte Banks, Tulsa.

E. F. High, Columbus, O., immediate past president of National Assn. Mutual Insurance Agents, spoke at the banquet on "The Civic and Professional Responsibilities of the Local Agent." He called on the agents to earn their professional standing by determining what the client needs, by seeing that the coverage remains in force, and by becoming the link between client and insurance company. He charged the agent to accept a civic responsibility in his own community as a means of improving the basic character of the industry.

Commissioner Dickey was a guest at the luncheon and made a short address of welcome.

### Map 4 Florida Sessions

Florida Assn. of Insurance Agents has arranged for district meetings at Tallahassee Nov. 12, Gainesville Nov. 13, Jacksonville Nov. 14, and Pensacola Nov. 21. The meetings will run from 10 a.m. to 4 p.m. with a luncheon. Speakers include Lewis P. Hebard of the Randall & Hebard general agency of Jacksonville, on rating masonry mercantiles; R. J. Layton of Rough Notes on office systems and forms; E. J. Gal-

agher, Jacksonville manager of Travelers on danger spots in O. L. & T., garage liability, auto liability and compensation lines, and E. Finley Cannon, Jr., of Gainesville, on perpetual policies—their advantages and pitfalls.

There will be a forum on agents' qualification law, fair trade practices, financial responsibility law and other matters.

### Ark. Mutual Men Confer

About 90 attended the meeting at Little Rock of Arkansas Mutual Agents Assn. Speakers included Ed Pace of Camden, Ark.; Roy Borden, Little Rock and Ken Bregel of Lumbermen's Mutual Casualty; H. C. Perryman of Russellville, Ark.; Ken Willis of Western Millers Mutual of Kansas City; Charles Edwards of Conway, Ark., and Fred Hasse of Indiana Lumbermen's Mutual.

### Push N. C. Rural Protection

RALEIGH, N. C. — The rural fire protection committee established to recommend changes in insurance and fire laws to bring rural fire fighting up to date will meet in Commissioner Cheek's office Nov. 10 to begin drafting its proposals.

The commissioner has called another statewide conference on rural fire protection Dec. 3 at Salisbury, when the committee's report will be presented.

## EAST

### Fisher and Rutherford Form New Agency at Hartford

G. Burgess Fisher and Paul Rutherford, Jr., have formed a new agency partnership at Hartford to be known as George B. Fisher Co.

Both partners have been in the insurance business for nearly 20 years. Mr. Fisher went into agency work with his father in 1934. Four years later he became an officer of the company and on the death of his father in 1941, Mr. Fisher started his own business. He is vice-president of Connecticut Assn. of Insurance Agents, past president of Insurance Board of Hartford, chairman of the conference committee of the New England Advisory Board and a trustee of the Registered Agents of Hartford insurance program. During the war he served with the transportation corps in the southwest Pacific.

Mr. Rutherford entered insurance in 1934 with Connecticut Mutual Life and later became its manager at Philadelphia office. He held that position until he joined the navy and became associated with Mr. Fisher in the insurance agency business on his return in 1946. His father is president of Hartford Accident.

### D. C. Annual Dinner Nov. 21

District of Columbia Assn. of Insurance Agents will hold its annual dinner Nov. 21, preceded by cocktails.

### Allen Erie President

Paul T. Allen has been elected president of Erie (Pa.) Assn. of Insurance Agents. The vice-president is Howell L. James, Jr., of Howell L. James & Son, and secretary, Lindsay H. Jeter, I. D. McQuiston Co., both reelected.

Henry L. Betts, district secretary of New York Fire Insurance Rating organization, addressed the October meeting of Syracuse (N. Y.) Insurance Women's Assn. A question and answer session, conducted by Harvie Mansa, Syracuse manager of Hartford Fire, followed.



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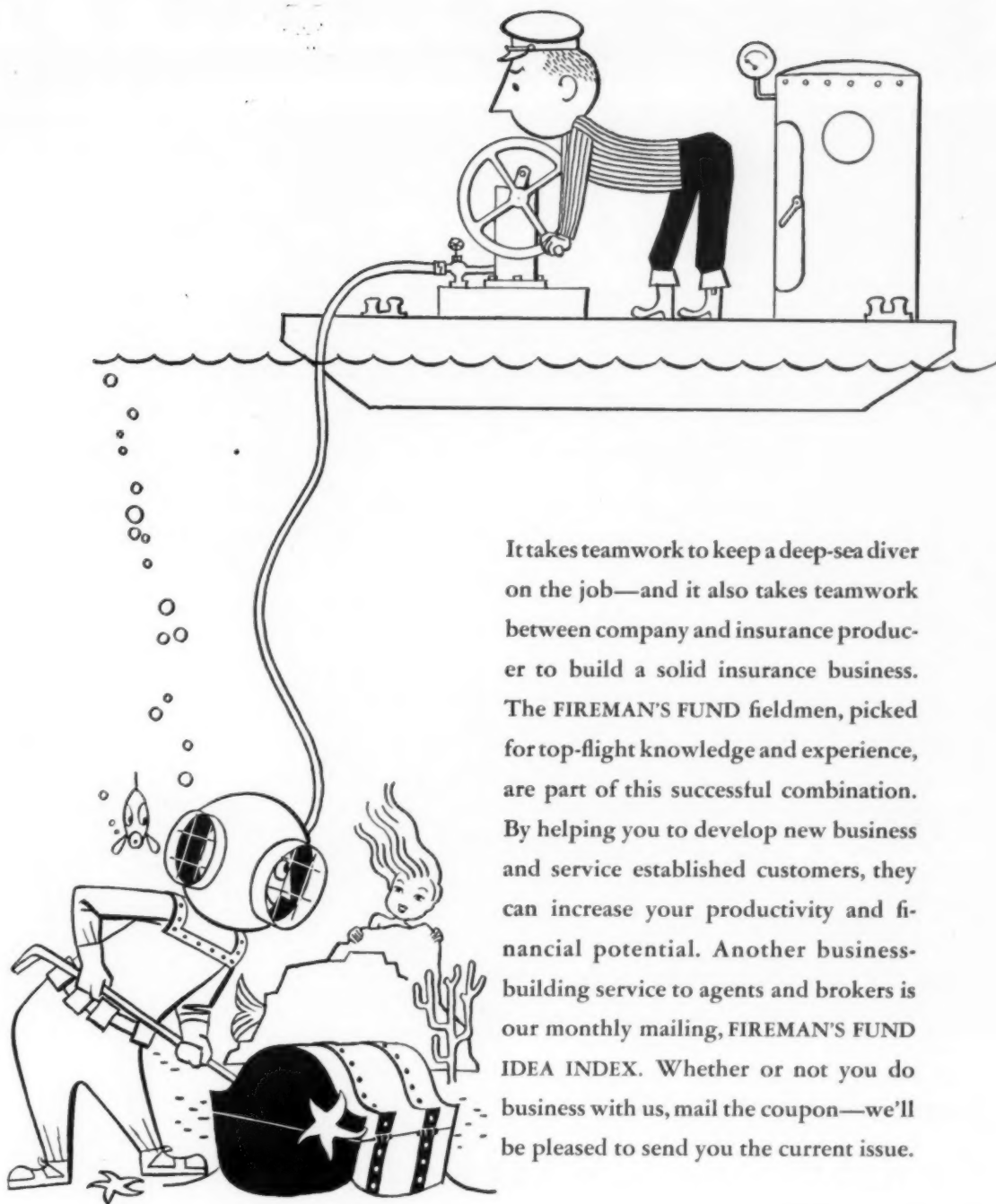
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## Nov. 21

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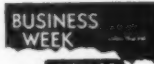
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